

**BOARD OF COUNTY COMMISSIONERS  
AGENDA ITEM SUMMARY**

Meeting Date: June 21, 2006

Bulk Item: Yes X No     

Division: Budget & Finance

Department: Office of Management & Budget

Staff Contact Person: Salvatore R. Zappulla

---

**AGENDA ITEM WORDING:** A Public Hearing. For approval of a resolution **supplementing** a resolution entitled "a resolution of the Board of County Commissioners, authorizing the Issuance of not exceeding \$33,000,000 in aggregate principal amount of variable rate revenue bonds (Key West International Airport), Series 2006 to finance the cost of making improvements to the Key West International Airport. This supplemental resolution contains all of the provisions described in the attached resolution that are specific only to the 2006 Series Bonds as described in exhibits B thru F incorporated herein. **THIS RESOLUTION IS BEING APPROVED IN SUBSTANTIALLY FINAL FORM AS THERE ARE ITEMS TO BE DETERMINED UPON CLOSING**

---

**ITEM BACKGROUND:** The BOCC has considered previous to this supplement a Master Resolution the title of which is attached hereto as the Bond Resolution, which authorized the issuance by the County of Airport Revenue Bonds from time to time finance and refinance the cost of capital improvements to the Key West International Airport.

---

**PREVIOUS RELEVANT BOCC ACTION:**

On April 19, 2006 the Board of County Commissioners approved a plan of Finance for the New Terminal Complex at the Key West International Airport.

---

**CONTRACT/AGREEMENT CHANGES:** N/A

---

**STAFF RECOMMENDATIONS:** Approval

---

**TOTAL COST:** -0-

**BUDGETED:** Yes      No    N/A


**COST TO COUNTY:** -0-

**SOURCE OF FUNDS:**                     

**REVENUE PRODUCING:** Yes      No    N/A **AMOUNT PER MONTH**      **Year**     

**APPROVED BY:** County Atty.      OMB/Purchasing      Risk Management     

**DIVISION DIRECTOR APPROVAL:**

  
Salvatore R. Zappulla

**DOCUMENTATION:** Included X Not Required      To Follow     

**DISPOSITION:**                                     

**AGENDA ITEM #**

## **RESOLUTION NO.**

RESOLUTION SUPPLEMENTING A RESOLUTION ENTITLED "A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF MONROE COUNTY, FLORIDA, AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$33,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF AIRPORT VARIABLE RATE REVENUE BONDS (KEY WEST INTERNATIONAL AIRPORT), SERIES 2006 TO FINANCE THE COST OF MAKING IMPROVEMENTS TO THE KEY WEST INTERNATIONAL AIRPORT; PROVIDING A PLEDGE OF THE NET REVENUES DERIVED FROM THE OPERATION OF THE AIRPORT AND CERTAIN OTHER AVAILABLE MONEYS TO SECURE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SAID BONDS; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF SAID BONDS; AND PROVIDING FOR AN EFFECTIVE DATE FOR THIS RESOLUTION"; PROVIDING CERTAIN TERMS AND DETAILS OF THE MONROE COUNTY, FLORIDA AIRPORT REVENUE BONDS (KEY WEST INTERNATIONAL AIRPORT), SERIES 2006, INCLUDING AUTHORIZING A NEGOTIATED SALE OF SAID BONDS; DELEGATING CERTAIN AUTHORITY TO THE MAYOR, INCLUDING THE AUTHORIZATION, EXECUTION AND DELIVERY OF A PURCHASE CONTRACT WITH RESPECT THERETO AND THE APPROVAL OF THE TERMS AND DETAILS OF SAID BONDS; ESTABLISHING A BOOK-ENTRY SYSTEM OF REGISTRATION FOR THE BONDS; APPOINTING THE PAYING AGENT AND REGISTRAR FOR SAID BONDS; AUTHORIZING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND THE EXECUTION AND DELIVERY OF AN OFFICIAL STATEMENT WITH RESPECT THERETO; APPROVING THE ISSUANCE OF AN IRREVOCABLE DIRECT-PAY LETTER OF CREDIT BY BANK OF AMERICA, N.A., FOR THE PURPOSE OF SECURING THE PAYMENT OF PRINCIPAL OF, PURCHASE PRICE AND INTEREST ON SAID BONDS AND AUTHORIZING THE APPROVAL OF A LETTER OF CREDIT AND REIMBURSEMENT

AGREEMENT; AUTHORIZING THE APPROVAL OF A REMARKETING AGREEMENT AND APPOINTING THE REMARKETING AGENT; AUTHORIZING AN INTEREST RATE CAP TRANSACTION AND RELATED DOCUMENTS THERETO; AND PROVIDING AN EFFECTIVE DATE.

**BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MONROE COUNTY, FLORIDA:**

**SECTION 1. FINDINGS.** It is hereby found and determined that:

(A) Monroe County, Florida (the "Issuer") owns, operates and maintains the Key West International Airport (the "Airport") for the benefit of the citizens of Monroe County, Florida.

(B) The Issuer has determined to acquire and construct the 2006 Project which consist of various capital improvements to the Airport.

(C) The Issuer has heretofore authorized the issuance of its Monroe County, Florida Airport Variable Rate Revenue Bonds (Key West International Airport), Series 2006 (the "Series 2006 Bonds") pursuant to a resolution adopted on the date hereof, as supplemented hereby (the "Resolution") in an aggregate principal amount not exceeding \$33,000,000 for the principal purpose of financing a portion of the Costs of the 2006 Project.

(D) All the covenants, pledges and conditions in the Resolution shall be applicable to the Series 2006 Bonds and any Additional Bonds that subsequently are issued pursuant to the Resolution. On the date of issuance of the Series 2006 Bonds, the Issuer shall be in compliance with the covenants and agreements of the Resolution.

(E) The principal of and interest on the Series 2006 Bonds and all required sinking fund, reserve account and other payments shall be limited obligations of the Issuer, payable from the Pledged Funds in the manner provided in the Resolution. The Series 2006 Bonds shall not constitute a general obligation, or a pledge of the faith, credit or taxing power, if any, of the Issuer, the State of Florida, or any political subdivision thereof, within the meaning of any constitutional or statutory provisions. Neither the Issuer, the State of Florida, nor any political subdivision thereof, shall be obligated (1) to exercise its ad valorem taxing power in any form on any real or personal property of or in the geographic boundaries of the Issuer or otherwise to pay the principal of the Series 2006 Bonds, the interest thereon, or other costs incidental thereto, or (2) to pay the same from any other funds of the Issuer except the Pledged Funds to the extent and in the manner provided in the Resolution.

(F) In order to satisfy certain of the requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended, the Issuer did, on the date hereof, hold a public hearing on the proposed issuance of the Series 2006 Bonds for the purposes herein stated which date is more than 14 days following the first publication of notice of such public hearing in a newspaper of general circulation in Monroe County, Florida, and which public hearing was conducted in a manner that provided a reasonable opportunity for persons with differing views to be heard, both orally and in writing, on the issuance of such Series 2006 Bonds.

(G) Due to the complexity of the transactions relating to such Series 2006 Bonds, it is in the best interest of the Issuer to sell the Series 2006 Bonds by a negotiated sale, allowing the Issuer to enter the market at the most advantageous time, rather than at a specified advertised date.

(H) The Issuer anticipates receiving a favorable offer to purchase the Series 2006 Bonds from UBS Securities LLC ( the "Underwriter"), all within the parameters set forth herein.

(I) The Issuer anticipates that Bank of America, N.A. (the "Bank") will issue and deliver to the herein described Paying Agent its irrevocable direct-pay letter of credit providing for payment when due of the principal of and interest on the Series 2006 Bonds, and payment of the purchase price of Series 2006 Bonds tendered for purchase, pursuant to a Letter of Credit and Reimbursement Agreement between the Bank and the Issuer.

(J) Inasmuch as the Issuer desires to sell the Series 2006 Bonds at the most advantageous time and not wait for a scheduled Governing Body meeting or meetings, so long as the herein described parameters are met, the Issuer hereby determines to delegate the award and sale of the Series 2006 Bonds to the Mayor within such parameters.

(K) In order to limit its interest rate exposure on the Series 2006 Bonds the Issuer shall enter into an Interest Rate Cap Transaction with UBS AG, Stamford Branch (the "Counterparty") which will provide a maximum interest rate which the Series 2006 Bonds may bear for the first three years following the issuance of the Series 2006 Bonds.

(L) The Resolution provides that the Series 2006 Bonds shall mature on such dates and in such amounts, shall bear such rates of interest, shall be payable in such places and shall be subject to such redemption provisions as shall be determined by Supplemental Resolution adopted by the Issuer; and it is now appropriate that the Issuer set forth the parameters and mechanism to determine such terms and details.

**SECTION 2. DEFINITIONS.** When used in this Supplemental Resolution, the terms defined in the Resolution shall have the meanings therein stated,



except as such definitions may be hereinafter amended or defined. In addition, as used herein, the following terms have the following meanings:

**"Alternate Letter of Credit"** means any substitute or replacement letter of credit securing the payment of principal of and interest on the Series 2006 Bonds, and the purchase price of Series 2006 Bonds tendered for purchase, delivered in accordance with the provisions of this Supplemental Resolution in substitution and replacement for a Letter of Credit.

**"Bank"** means **Bank of America, N.A.**, a national banking association, in its capacity as issuer of the initial Letter of Credit, and its successors and assigns, and if an Alternate Letter of Credit is issued, the issuer of such Alternate Letter of Credit, and its successors and assigns.

**"Bond Purchase Fund"** means the fund by that name created by Section 16 hereof, including within such fund the "Remarketing Account," the "Bank Purchase Account" and the "Issuer Purchase Account."

**"Book-Entry System"** means the book-entry system maintained by the Securities Depository described in Section 6 of this Supplemental Resolution.

**"Business Day"** means a day other than (a) a Saturday or Sunday, or (b) a day on which the corporate trust office or payment office of the Paying Agent, the payment office of the Bank for draws under the Letter of Credit or the primary office of the Remarketing Agent are lawfully closed, or (c) a day on which the New York Stock Exchange or the Securities Depository is closed.

**"Conversion Date"** means the day on which the Fixed Rate becomes effective for Series 2006 Bonds and the Series 2006 Bonds begin to accrue interest at that type of interest rate pursuant to Section 5 hereof.

**"Debt Service Fund"** means the fund by that name created by Section 16 of this Supplemental Resolution, including within such fund the "Eligible Moneys Account," the "Non-Eligible Moneys Account" and the "Letter of Credit Account."

**"DTC"** means The Depository Trust Company, New York, New York, and its successors and assigns.

**"Electronic Notice"** means notice given by facsimile transmission or by telephone (promptly confirmed in writing).

**"Eligible Moneys"** means:

(a) during any period the Letter of Credit is in effect, any of the following moneys that, until applied, are held by the Paying Agent in separate and segregated accounts under this Supplemental Resolution in which only Eligible Moneys are held:

(1) proceeds from the remarketing of any Series 2006 Bonds tendered for purchase pursuant to this Supplemental Resolution and purchased by any Person other than the Issuer;

(2) moneys drawn under the Letter of Credit that are applied directly to the payment of principal or purchase price of, or premium, if any, or interest on the Series 2006 Bonds;

(3) moneys deposited in the Debt Service Fund that have been continuously on deposit with the Paying Agent for a period of at least 367 days during which no petition in bankruptcy (or other bankruptcy or similar proceedings) is pending or has been filed by or against the Issuer under the United States Bankruptcy Code, as now or hereafter in effect, or other applicable state or federal bankruptcy, insolvency, reorganization or similar law for the relief of debtors, as now or hereafter in effect;

(4) any other moneys or securities, if there is delivered to the Paying Agent an Opinion of Counsel from legal counsel nationally recognized for having expertise in bankruptcy matters (who, for purposes of such opinion, may assume that no bondowner is an "insider," as defined in the United States Bankruptcy Code) to the effect that the use of such moneys or securities to pay the principal or purchase price of, or premium, if any, or interest on the Series 2006 Bonds would not constitute a voidable preferential payment in the event of the occurrence of the filing of a petition in bankruptcy (or other commencement of bankruptcy or similar proceedings) by or against the Issuer under the United States Bankruptcy Code, or other applicable state or federal bankruptcy, insolvency, reorganization or similar law for the relief of debtors, as now or hereafter in effect; and

(5) earnings derived from the investment of any of the foregoing; provided that such proceeds, moneys or income shall not be deemed to be Eligible Moneys or available for payment of the Series 2006 Bonds if, among other things, an injunction, restraining order or stay is in effect preventing such proceeds, moneys or income from being applied to make such payment; and

(b) during any period a Letter of Credit is not in effect, any moneys available to be used to pay principal or purchase price of, or premium, if any, or interest on, the Series 2006 Bonds.

**"Fixed Rate"** means the per annum interest rate on the Series 2006 Bonds during the Fixed Rate Period determined as provided in Section 5 hereof.

**"Fixed Rate Period"** means the period from the Conversion Date to the Maturity Date.

**"Interest Payment Date"** means, with respect to the Series 2006 Bonds,

(a) with respect to Series 2006 Bonds accruing interest at Weekly Rates, the first day of each calendar month (whether or not a Business Day), and the Conversion Date;

(b) with respect to the Series 2006 Bonds accruing interest at the Fixed Rate, each April 1 and October 1 commencing with the first of such dates which is at least three (3) months after the Conversion Date through and including the Maturity Date; and

(c) any redemption date or other date upon which principal is due (only with respect to Series 2006 Bonds being redeemed or paid), and the Maturity Date.

**"Interest Period"** means the Fixed Rate Period or the Weekly Rate Period, as then applicable with respect to the Series 2006 Bonds.

**"Letter of Credit"** means initially the irrevocable direct-pay letter of credit issued by the Bank to the Paying Agent pursuant to the Reimbursement Agreement concurrently with the original issuance of the Series 2006 Bonds, and any extensions thereof, and upon the issuance and delivery of an Alternate Letter of Credit in accordance with Section 24 hereof, "Letter of Credit" shall include such Alternate Letter of Credit, and any subsequent extensions or replacements thereof.

**"Maturity Date"** means October 1, 2035.

**"Maximum Rate"** means the lesser of the interest rate used in computing the interest component of the Letter of Credit (initially, twelve percent (12%) per annum) or the maximum rate permitted by law.

**"Opinion of Bond Counsel"** means a written opinion of Bond Counsel.

**"Opinion of Counsel"** means a written opinion of any legal counsel having expertise in the matters covered in such opinion and acceptable to the Issuer and the Paying Agent, who may be an employee of or counsel to the Paying Agent or the Issuer.

**"Participants"** means those financial institutions for whom the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository in the Book-Entry System, as such listing exists at the time of such reference.

**"Paying Agent"** means, with respect to the Series 2006 Bonds, U.S. Bank National Association, and any successor Paying Agent serving hereunder pursuant to Section 18 hereof.

**"Paying Agent Agreement"** means the written agreement between the Paying Agent and the Issuer pursuant to which the Paying Agent agrees to perform the function of Paying Agent hereunder.

**"Record Date"** means the close of business of the Paying Agent (a) in the case of Series 2006 Bonds accruing interest at Weekly Rates, the Business Day immediately preceding an Interest Payment Date, or (b) in the case of Series 2006 Bonds accruing interest at the Fixed Rate, the fifteenth (15<sup>th</sup>) day (whether or not a Business Day) of the calendar month immediately preceding an Interest Payment Date.

**"Registrar"** means, with respect to the Series 2006 Bonds, the Paying Agent.

**"Reimbursement Agreement"** means the Letter of Credit and Reimbursement Agreement of even date herewith, between the Issuer and the Bank, as originally executed and as from time to time amended and supplemented, and any similar agreement pursuant to which an Alternate Letter of Credit is issued, as originally executed and as such agreement may from time to time be amended and supplemented.

**"Remarketing Agent"** means initially, UBS Securities LLC, and subsequently any successor Remarketing Agent appointed and serving pursuant to Section 15 hereof.

**"Remarketing Agreement"** means the Remarketing Agreement as originally executed by the Issuer and the Remarketing Agent, as from time to time amended and supplemented in accordance with the provisions of the Remarketing Agreement and this Supplemental Resolution.

**"Securities Depository"** means any entity acting as securities depository for the Series 2006 Bonds, initially DTC.

**"Series 2006 Bank Bonds"** means Series 2006 Bonds purchased with moneys drawn on the Letter of Credit and held for the benefit of the Bank pursuant to Section 14(c)(6) hereof.

**"Series 2006 Issuer Bonds"** means Series 2006 Bonds that are registered in the name of the Issuer or held for the account of the Issuer.

**"2006 Project"** shall have the meaning provided in the Resolution.

**"United States Bankruptcy Code"** means the United States Bankruptcy Reform Act of 1978, as amended from time to time, or any substitute or replacement legislation.

**"Weekly Rate"** means the per annum interest rate on the Series 2006 Bonds during a Weekly Rate Period determined on a weekly basis as provided in Section 5 hereof.

**"Weekly Rate Period"** means each period described in Section 5 during which Series 2006 Bonds accrue interest at a Weekly Rate.

**SECTION 3. AUTHORITY FOR THIS SUPPLEMENTAL RESOLUTION.** This Supplemental Resolution is adopted pursuant to the provisions of the Act and the Resolution.

**SECTION 4. DESCRIPTION OF THE SERIES 2006 BONDS.** (a) General. The Issuer has heretofore authorized the issuance of a Series of Bonds in the aggregate principal amount of not exceeding \$33,000,000 to be known as Monroe County, Florida Airport Variable Rate Revenue Bonds (Key West International Airport), Series 2006." The Series 2006 Bonds are authorized to be issued for the principal purpose of financing a portion of the Costs of the 2006 Project. The specific aggregate principal amount of the Series 2006 Bonds shall be determined by the Mayor, provided the aggregate principal amount of the Series 2006 Bonds shall not exceed the amount provided above.

(b) Date and Maturity. The Series 2006 Bonds shall be dated the date of their original issuance and delivery, and shall mature on the Maturity Date, subject to prior redemption as provided in Section 7 hereof.

(c) Interest. The Series 2006 Bonds shall bear interest from their date or from the most recent Interest Payment Date to which interest has been paid or duly provided for, at Weekly Rates or the Fixed Rate determined in accordance with Section 7 hereof, payable on each Interest Payment Date as herein provided until payment of the principal or redemption price thereof is made or provided for, whether at maturity, upon redemption, acceleration or otherwise. Interest on the Series 2006 Bonds shall be payable in arrears on each Interest Payment Date, commencing on the first Interest Payment Date after the date of original issuance of the Series 2006 Bonds. The Series 2006 Bonds shall initially bear interest at a Weekly Rate.

The amount of interest payable with respect to any Series 2006 Bonds on any Interest Payment Date shall be computed (1) during Weekly Rate Periods, on the basis of a 365- or 366-day year for the number of days actually elapsed, based on the calendar year in which the Weekly Rate Period commences, and (2) during the Fixed Rate Period, on the basis of a 360-day year of twelve (12) 30-day months.

(d) Method and Place of Payment. The principal of, redemption premium, if any, and interest on the Series 2006 Bonds shall be payable in any coin or currency of the

United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts.

The principal of and the redemption premium, if any, on the Series 2006 Bonds shall be payable by check or draft at maturity or upon earlier redemption to the Persons in whose names such Series 2006 Bonds are registered on the bond register maintained by the Registrar at the Maturity Date or redemption date thereof, upon the presentation and surrender of such Series 2006 Bonds at the principal corporate trust office or designated payment office of the Paying Agent.

The interest payable on each Series 2006 Bond on any Interest Payment Date shall be paid by the Paying Agent to the registered owner of such Series 2006 Bond as shown on the bond register at the close of business on the Record Date, (1) by check or draft mailed to such registered owner at the address as it appears on the bond register or at such other address as is furnished to the Paying Agent in writing by such owner, or (2) with respect to Series 2006 Bonds accruing interest at Weekly Rates, and with respect to Series 2006 Bonds accruing interest at the Fixed Rate if such Series 2006 Bonds are held by a Securities Depository, or at the written request addressed to the Paying Agent by any registered owner of Series 2006 Bonds in the aggregate principal amount of at least \$1,000,000, by electronic wire transfer in immediately available funds to a bank in the continental United States for credit to the ABA routing number and account number filed with the Paying Agent no later than five (5) Business Days before the applicable Record Date.

(e) Form and Denominations. The Series 2006 Bonds shall be issuable as fully registered Series 2006 Bonds without coupons in substantially the form set forth in Exhibit A attached to this Supplemental Resolution, with such necessary or appropriate variations, omissions and insertions as are permitted or required by this Supplemental Resolution or by the Resolution and as shall be approved by the Mayor and Clerk prior to the issuance thereof, which approvals shall be conclusively evidenced by such officers' execution of the Series 2006 Bonds. The Series 2006 Bonds may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any custom, usage or requirement of law with respect thereto.

The Series 2006 Bonds shall be in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof. The Series 2006 Bonds shall be numbered from AR-1 consecutively upward in order of issuance or in such other manner as the Paying Agent shall designate, and shall bear appropriate "CUSIP" identification numbers (if then generally in use).

#### **SECTION 5. INTEREST RATES AND INTEREST RATE PERIODS.**

The Series 2006 Bonds shall bear interest at a Weekly Rate or the Fixed Rate, determined as provided in this Section; except that in no event will the interest rate on any Series

2006 Bonds exceed the Maximum Rate. All Series 2006 Bonds shall accrue interest at a Weekly Rate on the date of original issuance of the Series 2006 Bonds and thereafter unless and until the rate period for the Series 2006 Bonds is converted to the Fixed Rate pursuant to this Section. All determinations of interest rates and rate periods pursuant to this Section shall be conclusive and binding upon the Issuer, the Paying Agent, the Bank and the registered owners and beneficial owners of the Series 2006 Bonds to which such rates are applicable. The Series 2006 Bonds may operate at any time in any one type of rate period, provided that all Series 2006 Bonds shall operate in the same type of rate period at any given time.

(a) Weekly Rates. A Weekly Rate shall be determined for each Weekly Rate Period as follows:

(1) The Remarketing Agent shall determine each Weekly Rate on the Series 2006 Bonds and shall notify the Paying Agent and the Issuer of such rate by Electronic Notice by 4:00 p.m., New York City time, on the first Business Day preceding the commencement date of the Weekly Rate Period to which it relates. The Remarketing Agent shall determine the interest rate for the Series 2006 Bonds for each Weekly Rate Period as the lowest rate of interest which, in the judgment of the Remarketing Agent, would cause the Series 2006 Bonds to have a market value as of the date of determination equal to the principal amount thereof, plus accrued interest, taking into account prevailing market conditions; provided that in no event will the interest rate on any Series 2006 Bonds exceed the Maximum Rate. The Remarketing Agent shall confirm the interest rate in effect for the Series 2006 Bonds by telephone to the registered owner of any Bond, upon request.

(2) The Weekly Rate for each Weekly Rate Period shall be effective from and including the commencement date thereof and remain in effect to and including the last day thereof. Weekly Rate Periods shall commence on a Thursday and shall end on Wednesday of the following week (except that the initial Weekly Rate Period shall begin on the day of original issuance and delivery of the Series 2006 Bonds and shall end on Wednesday of the following week) and each Weekly Rate Period shall be followed by another Weekly Rate Period until the rate period of the Series 2006 Bonds is converted to the Fixed Rate Period.

(3) If the Remarketing Agent fails for any reason to determine the Weekly Rate for any Weekly Rate Period, the Weekly Rate in effect for the Series 2006 Bonds for such Weekly Rate Period will be (A) if interest on the Series 2006 Bonds is excluded from gross income for purposes of federal income taxation, the percentage per annum equal to the current rate shown in the BMA Municipal Bond Index as published in *The Bond Buyer* (or if *The Bond Buyer* or such index is no longer published, such other published similar index as is determined by the Remarketing Agent in its sole discretion to be appropriate), plus fifteen (15) basis

points, and (B) if the interest on the Series 2006 Bonds is not excluded from gross income for purposes of federal income taxation, 102% of the most recent One-Month LIBOR as quoted in Telerate page 3750 (or if Telerate is no longer available, or no longer publishes the One-Month LIBOR, the One-Month LIBOR contained in the publication determined by the Remarketing Agent to be the most comparable to Telerate), provided that in no event will the interest rate on any Series 2006 Bond exceed the Maximum Rate.

(b) Fixed Rate. The Fixed Rate Period and the Fixed Rate shall be determined as follows.

(1) The Fixed Rate Period shall commence on the Conversion Date and shall extend to the Maturity Date.

(2) The Fixed Rate for the Series 2006 Bonds shall be set forth in the firm underwriting or purchase contract with the firm of bond underwriters or institutional investors delivered to the Paying Agent as required by Section 5(d)(3) hereof. In determining the Fixed Rate, such firm of bond underwriters or institutional investors shall use the following guidelines: the Fixed Rate shall be the lowest interest rate that will enable the Series 2006 Bonds upon conversion to be remarketed at par, and all such Series 2006 Bonds shall only be remarketed at par.

The foregoing notwithstanding, another method of providing for payment of principal on the Series 2006 Bonds after the conversion to the Fixed Rate may be established by the firm of bond underwriters or institutional investors underwriting or purchasing such Series 2006 Bonds if there is delivered to the Paying Agent and the Issuer an Opinion of Bond Counsel to the effect that utilization of such other method will not adversely affect the exclusion, if any, from gross income of the interest on any Series 2006 Bonds for federal income tax purposes.

(c) Default Rate. While there exists with respect to the Series 2006 Bonds an Event of Default described in Section 7.01 of the Resolution, the interest rate on the Series 2006 Bonds shall be the rate on the Series 2006 Bonds existing on the day before such Event of Default occurred.

(d) Conversions to Fixed Rate. The Issuer may elect to convert all of the Series 2006 Bonds to the Fixed Rate.

(1) Notice by Issuer. The Issuer shall give notice of any proposed conversion and the proposed Conversion Date to the Paying Agent not less than thirty (30) days prior to the proposed Conversion Date.



(2) Notices by Paying Agent. Upon receipt of such notice from the Issuer, the Paying Agent shall promptly give written notice of the proposed conversion to the Remarketing Agent and the Bank. The Paying Agent shall give notice (which may be combined, where applicable, with any notice of mandatory tender required by Section 13(e) hereof), by first class mail of the proposed conversion to the affected owners of Series 2006 Bonds, and if a Book-Entry System is in effect, to the Securities Depository, not less than twenty (20) days before the proposed Conversion Date. Such notice shall state:

(A) the proposed Conversion Date;

(B) that such Series 2006 Bonds will be subject to mandatory tender for purchase on the Conversion Date;

(C) the conditions, if any, to the conversion pursuant to subsection (3) below, and the consequences of such conditions not being fulfilled pursuant to subsection (4) below;

(D) if the Series 2006 Bonds are in certificated form, information with respect to required delivery of Series 2006 Bond certificates and payment of the purchase price; and

(E) the new Interest Payment Dates, redemption provisions (if applicable) and Record Dates.

(3) Conditions to Conversion. No conversion to the Fixed Rate will become effective unless:

(A) if a Letter of Credit will be in effect after the Conversion Date, then, upon conversion, (i) either the stated coverage of the Letter of Credit will include an amount sufficient to pay interest on all Series 2006 Bonds Outstanding (calculated at the Fixed Rate) for a period of days not less than the number of days in the longest interest payment period for the Series 2006 Bonds in such interest rate mode plus five (5) days, or the Paying Agent has received prior written confirmation from each Rating Agency maintaining a rating on the Series 2006 Bonds that such conversion will not result in a reduction or withdrawal of the then current ratings (long-term only) on the Series 2006 Bonds, and (ii) the term of the Letter of Credit shall extend to at least fifteen (15) days after the Maturity Date;

(B) the Issuer delivers to the Paying Agent with the conversion notice under paragraph (1) above, (i) a firm underwriting or purchase contract from a recognized firm of bond underwriters or recognized institutional investors, which may be the Remarketing Agent, to underwrite

or purchase all Series 2006 Bonds that are to be converted to the Fixed Rate at a price of one hundred percent (100%) of the principal amount thereof at an agreed upon interest rate for the Series 2006 Bonds which such underwriters or institutional investors certify is the lowest rate that will permit the Series 2006 Bonds to be sold at par on the first day of the Fixed Rate Period; and (ii) an Opinion of Bond Counsel (which opinion shall be addressed and delivered to the Paying Agent and the Issuer and shall be confirmed on the Conversion Date) stating that such conversion is authorized or permitted by this Supplemental Resolution, and that the conversion will not adversely affect the exclusion, if any, from gross income of interest on any Series 2006 Bonds for federal income tax purposes; and

(C) if any Series 2006 Bonds have been called for redemption and the redemption has not yet occurred, the effective date of the conversion cannot be before such redemption date.

(4) Failure of Conditions to Conversion. If any condition precedent to a conversion set forth in paragraph (3) above is not met, then no conversion shall occur, but the Series 2006 Bonds shall continue to be subject to the mandatory tender otherwise required by Section 13(b) without regard to the failure to fulfill such condition, and thereafter shall continue to accrue interest at Weekly Rates for Weekly Rate Periods determined as provided in Section 5(a).

(d) Calculation of Interest. The Paying Agent shall calculate the interest payable on the Series 2006 Bonds on each Interest Payment Date, using the rates determined pursuant to this Section 5, and will confirm the amount of interest payable for each Interest Period for the applicable minimum denomination by telephone or in writing to any bondowner, upon request.

**SECTION 6. BOOK-ENTRY SERIES 2006 BONDS; SECURITIES DEPOSITORY.** The Series 2006 Bonds shall initially be registered to Cede & Co., the nominee for DTC, as the Securities Depository, and no beneficial owner will receive certificates representing its respective interest in the Series 2006 Bonds, except in the event the Paying Agent issues replacement Series 2006 Bonds as provided in this Section. It is anticipated that during the term of the Series 2006 Bonds, the Securities Depository will make book-entry transfers among its Participants and receive and transmit payment of principal of, premium, if any, and interest on, the Series 2006 Bonds to the Participants until and unless the Paying Agent authenticates and delivers replacement Series 2006 Bonds to the beneficial owners as described in the following paragraph.

If (a) the Issuer determines (1) that the Securities Depository is unable to properly discharge its responsibilities, or (2) that the Securities Depository is no longer qualified to act as a securities depository and registered clearing agency under the Securities and

Exchange Act of 1934, as amended, or (3) that the continuation of a book-entry system to the exclusion of any Series 2006 Bonds being issued to any bondowner other than Cede & Co. is no longer in the best interests of the beneficial owners of the Series 2006 Bonds, or (b) the Paying Agent receives written notice from Participants representing interests in not less than fifty percent (50%) of the Series 2006 Bonds Outstanding, as shown on the records of the Securities Depository (and certified to such effect by the Securities Depository), that the continuation of a book-entry system to the exclusion of any Series 2006 Bonds being issued to any bondowner other than Cede & Co. is no longer in the best interests of the beneficial owners of the Series 2006 Bonds, then the Paying Agent shall notify the bondowners of such determination or such notice and of the availability of certificates to owners requesting the same, and the Paying Agent shall register in the name of and authenticate and deliver replacement Series 2006 Bonds to the beneficial owners or their nominees in principal amounts representing the interest of each; provided, that in the case of a determination under (a)(1) or (a)(2) of this paragraph, the Issuer may select a successor securities depository in accordance with the following paragraph to effect book-entry transfers. In the event DTC is replaced as Securities Depository, the Issuer and the Paying Agent shall comply with all applicable DTC rules and procedures relating to such replacement. In such event, all references to the Securities Depository herein shall relate to the period of time when the Securities Depository has possession of at least one Series 2006 Bond. Upon the issuance of replacement Series 2006 Bonds, all references herein to obligations imposed upon or to be performed by the Securities Depository shall be deemed to be imposed upon and performed by the Paying Agent, to the extent applicable with respect to such replacement Series 2006 Bonds. If the Securities Depository resigns and the Issuer is unable to locate a qualified successor of the Securities Depository in accordance with the following paragraph, then the Paying Agent shall authenticate and cause delivery of replacement Series 2006 Bonds to bondowners, as provided herein. The Paying Agent may rely conclusively on information from the Securities Depository and its Participants as to the names and addresses of the beneficial owners of the Series 2006 Bonds. The cost of printing, registration, authentication, and delivery of replacement Series 2006 Bonds shall be paid for by the Issuer.

In the event the Securities Depository resigns, is unable to properly discharge its responsibilities, or is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, the Issuer may appoint a successor Securities Depository. Any such successor Securities Depository shall be a securities depository which is a registered clearing agency under the Securities and Exchange Act of 1934, as amended, or other applicable statute or regulation that operates a securities depository upon reasonable and customary terms. The Paying Agent upon its receipt of a Series 2006 Bond or Series 2006 Bonds for cancellation shall cause the delivery of Series 2006 Bonds to the successor Securities Depository in appropriate denominations and form as provided herein.

**SECTION 7. REDEMPTION OF SERIES 2006 BONDS PRIOR TO MATURITY.** The Series 2006 Bonds are subject to redemption prior to their stated maturity as follows:

(a) Optional Redemption. Series 2006 Bonds that bear interest at Weekly Rates are subject to redemption and payment prior to maturity at the option of the Issuer, in whole or in part, in authorized denominations, on any date, at a redemption price equal to one hundred percent (100%) of the principal amount redeemed, plus interest accrued to the redemption date. The Letter of Credit and Reimbursement Agent executed in connection with the initial Credit Facility issued by the Bank (the "Reimbursement Agent") shall contain a schedule of optional redemption amounts for the Series 2006 Bonds. The Issuer shall cause the Series 2006 Bonds to be optionally redeemed in accordance with such schedule.

Series 2006 Bonds that bear interest at the Fixed Rate also are subject to redemption and payment prior to maturity, at the option of the Issuer, in whole or in part on any date, in authorized denominations; provided, however, that the Series 2006 Bonds shall not be redeemable during any No-Call Period shown below, which shall begin on the first day of the Conversion Date. After the end of the No-Call Period, the Series 2006 Bonds shall be redeemable at one hundred percent (100%) of their principal amount, plus a premium equal to the percentage of their principal amount shown in the Initial Premium column, plus interest accrued to the redemption date, provided, the premium shall decline every twelve (12) months after the end of the No-Call Period as shown in the Reduction in Premium column until the Series 2006 Bonds shall be redeemable without premium.

<u>Length of Fixed Rate Period</u>	<u>No-Call Period</u>	<u>Initial Premium</u>	<u>Reduction in Premium</u>
10 years or more	10 years	1%	1/2%
5 years up to 10 years	5 years	1%	1/2%
5 years or less	5 years	N/A	N/A

The Issuer may deliver an alternate optional redemption schedule or schedules for the Series 2006 Bonds to the Paying Agent on or prior to the Conversion Date with respect to the Fixed Rate Period setting forth redemption dates and redemption prices, which schedule shall be determined by the Remarketing Agent as the terms necessary for the Remarketing Agent to remarket such Series 2006 Bonds at par as of the Conversion Date, if the Issuer shall also deliver to the Paying Agent an Opinion of Bond Counsel to the effect that such redemption schedule will not adversely affect the exclusion from gross income, for federal income tax purposes, of the interest on such Series 2006 Bonds.

(b) Mandatory Sinking Fund Allocations. To the extent the Issuer is required to cause the Series 2006 Bonds to be optionally redeemed pursuant to the terms of the Reimbursement Agreement, the Issuer shall make monthly allocations or deposits to the

Term Bond Redemption Account established under the Resolution as if the amount of Series 2006 Bonds to be so optionally redeemed in a particular year represented a Sinking Fund Installment coming due in such year. All of the provisions of Section 4.05(D)(3) of the Resolution shall apply with respect to the amounts of Series 2006 Bonds that are required to be optionally redeemed pursuant to the Reimbursement Agreement.

(c) Mandatory Redemption Upon Demand by Bank. The Series 2006 Bonds are subject to mandatory redemption at a redemption price equal to one hundred percent (100%) of the principal amount thereof, plus accrued interest to the redemption date in whole or in part, without premium, at the earliest date for which notice of redemption can be given upon receipt by the Paying Agent of written notice from the Bank requesting such redemption, specifying the principal amount and Series of the Series 2006 Bonds to be redeemed (if less than all of the Series 2006 Bonds Outstanding are to be redeemed) and stating that (1) a "Designated Event of Default" under and as defined in the Reimbursement Agreement has occurred and is continuing, or (2) the Bank holds as the registered or beneficial owner Series 2006 Bonds purchased by the Bank in accordance with Sections 7(e) or 14 and not remarketed; provided, however, only Series 2006 Bonds so held by the Bank shall be subject to mandatory redemption pursuant to clause (2) of this subsection.

(d) Purchase in Lieu of Redemption. When Series 2006 Bonds are subject to redemption pursuant to subsection (c) of this Section, Series 2006 Bonds paid by the Issuer or paid from a draw or claim under the Letter of Credit or otherwise paid by or on behalf of the Bank shall be purchased in lieu of redemption on the applicable redemption date at a purchase price equal to one hundred percent (100%) of the principal amount thereof, plus accrued interest thereon to but not including the date of such purchase, if the Paying Agent has received a written request on or before the Business Day prior to the purchase date from the Issuer or the Bank, as the case may be, specifying that the moneys provided or to be provided by such party shall be used to purchase Series 2006 Bonds in lieu of redemption. No purchase of Series 2006 Bonds by the Issuer or the Bank pursuant to this subsection or advance or use of any moneys to effectuate any such purchase shall be deemed to be a payment or redemption of the Series 2006 Bonds or any portion thereof, and such purchase shall not operate to extinguish or discharge the indebtedness evidenced by such Series 2006 Bonds. No Series 2006 Bonds purchased pursuant to this subsection shall be required to be remarketed by the Remarketing Agent pursuant to Section 14 of this Supplemental Resolution unless the Remarketing Agent specifically agrees to undertake such remarketing. Any purchase by the Issuer pursuant to this subsection must be made with Eligible Moneys.

**SECTION 8. ELECTION TO REDEEM; NOTICE TO PAYING AGENT.** In case of any redemption at the election of the Issuer, the Issuer shall, at least forty-five (45) days prior to the redemption date (unless a shorter notice shall be satisfactory to the Paying Agent) give written notice to the Paying Agent directing the

Paying Agent to call Series 2006 Bonds for redemption and give notice of redemption and specifying the redemption date, the principal amount and Series of Series 2006 Bonds to be called for redemption, the applicable redemption price or prices and the provision or provisions of this Supplemental Resolution pursuant to which such Series 2006 Bonds are to be called for redemption.

The foregoing provisions of this Section shall not apply in the case of any scheduled optional redemption of Series 2006 Bonds as required by the Reimbursement Agreement and the Paying Agent shall call Series 2006 Bonds for redemption and shall give notice of redemption pursuant to such scheduled optional redemption requirements without the necessity of any action by the Issuer and whether or not the Paying Agent shall hold in the Debt Service Fund moneys available and sufficient to effect the required redemption. The Issuer shall provide the Paying Agent with a copy of the Reimbursement Agreement.

**SECTION 9. SELECTION OF SERIES 2006 BONDS TO BE REDEEMED; SERIES 2006 BONDS REDEEMED IN PART.** Series 2006 Bonds may be redeemed only in the principal amount of authorized denominations of the Series 2006 Bonds. No portion of a Series 2006 Bond may be redeemed that would result in a Series 2006 Bond being outstanding which is smaller than the then-permitted minimum authorized denomination. For this purpose, the Paying Agent shall consider each Series 2006 Bond in a denomination larger than the minimum authorized denomination permitted at the time to be separate Series 2006 Bonds each in the minimum authorized denomination. Provisions of this Resolution that apply to Series 2006 Bonds called for redemption also apply to portions of Series 2006 Bonds called for redemption.

If less than all Series 2006 Bonds are to be redeemed, the particular Series 2006 Bonds to be redeemed shall be selected by the Paying Agent from the Series 2006 Bonds which have not previously been called for redemption, by lot and which may provide for the selection for redemption of portions equal to minimum authorized denominations of the principal of Series 2006 Bonds of a denomination larger than such minimum authorized denominations. Notwithstanding the foregoing, Series 2006 Bank Bonds and Series 2006 Issuer Bonds (in that order of priority) of the same Series of the Series 2006 Bonds to be redeemed shall be redeemed prior to any other Series 2006 Bonds.

Any Series 2006 Bond which is to be redeemed only in part shall be surrendered at the place of payment therefor (with, if the Paying Agent so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Paying Agent duly executed by, the owner thereof or his attorney or legal representative duly authorized in writing) and the Paying Agent shall authenticate and deliver to the owner of such Series 2006 Bond, without service charge, a new Series 2006 Bond or Series 2006 Bonds of the same Series and of any authorized denomination or denominations as requested by such owner in the aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Series 2006 Bond so surrendered. The cost of the same shall be paid

by the Issuer. If the owner of any such Series 2006 Bond shall fail to present such Series 2006 Bond to the Paying Agent for payment and exchange as aforesaid, said Series 2006 Bond shall, nevertheless, become due and payable on the redemption date to the extent of the unit or units of principal amount in minimum authorized denominations called for redemption (and to that extent only).

In lieu of surrender under the preceding paragraph, payment of the redemption price of a portion of any Series 2006 Bond may be made directly to the registered owner thereof without surrender thereof, if there shall have been filed with the Paying Agent a written agreement of such owner satisfactory in form and substance to the Paying Agent, and, if such owner is a nominee, the Person for whom such owner is a nominee, that payment shall be so made and that such owner will not sell, transfer or otherwise dispose of such Series 2006 Bond unless prior to delivery thereof such owner shall present such Series 2006 Bond to the Paying Agent for notation thereon of the portion of the principal thereof redeemed or shall surrender such Series 2006 Bond in exchange for a new Series 2006 Bond or Series 2006 Bonds for the unredeemed balance of the principal of the surrendered Series 2006 Bond.

The Paying Agent shall promptly notify the Issuer in writing of the Series 2006 Bonds selected for redemption and, in the case of any Series 2006 Bond selected for partial redemption, the principal amount thereof to be redeemed.

Notwithstanding the foregoing, in the event that the Securities Depository for the Series 2006 Bonds is DTC, the Paying Agent shall follow the procedure for redemption and notice as set forth in DTC's operational arrangements, as in effect at the time.

**SECTION 10. NOTICE OF REDEMPTION.** Unless waived by any owner of Series 2006 Bonds to be redeemed, official notice of any such redemption shall be given by the Paying Agent on behalf of the Issuer by mailing a copy of an official redemption notice by first class mail, at least thirty (30) days (or fifteen (15) days in the case of redemption described in Section 7(c) above) prior to the redemption date for Series 2006 Bonds, to the Issuer and to each registered owner of the Series 2006 Bonds to be redeemed at the address shown on the bond register.

All official notices of redemption shall be dated and shall state:

- (a) the redemption date;
- (b) the redemption price;
- (c) the principal amount (and, in the case of partial redemption, the respective principal amounts, identification numbers and maturity date) and Series of the Series 2006 Bonds to be redeemed;

(d) that on the redemption date the redemption price will become due and payable upon each such Series 2006 Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date (unless sufficient Eligible Moneys are not available to the Paying Agent to pay the redemption price); and

(e) the place where the Series 2006 Bonds to be redeemed are to be surrendered for payment of the redemption price, which place of payment shall be the principal corporate trust office or other designated payment office of the Paying Agent.

With respect to redemptions made at the option of the Issuer, such notice may be conditional upon moneys being on deposit with the Paying Agent on or prior to the redemption date in an amount sufficient to pay the redemption price on the redemption date. If such notice is conditional and moneys are not received, such notice shall be of no force and effect, the Paying Agent shall not redeem such Series 2006 Bonds and the Paying Agent shall give notice, in the same manner in which the notice of redemption was given, that such moneys were not so received and that such Series 2006 Bonds will not be redeemed.

The failure of any owner of Series 2006 Bonds to receive notice given as provided in this Section, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Series 2006 Bonds. Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given and shall become effective upon mailing, whether or not any owner receives such notice.

In addition to the foregoing notice, further notice shall be given by the Paying Agent at least thirty-two (32) days before the redemption date by registered or certified mail or overnight delivery service to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Series 2006 Bonds and to one or more national information services that disseminate notices of redemption of obligations such as the Series 2006 Bonds. Each further notice of redemption given shall contain the information required above for an official notice of redemption plus (i) the CUSIP numbers of all Series 2006 Bonds being redeemed, (ii) the date of issue of the Series 2006 Bonds as originally issued, (iii) the rate of interest borne by each Series 2006 Bond being redeemed, (iv) the maturity date and Series of each Series 2006 Bond being redeemed, and (v) any other descriptive information needed to identify accurately the Series 2006 Bonds being redeemed. No defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given to the registered owners of the Series 2006 Bonds as above prescribed.

So long as the Securities Depository is effecting book-entry transfers of the Series 2006 Bonds, the Paying Agent shall provide the notices specified in this Section only to the Securities Depository. It is expected that the Securities Depository shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified



the beneficial owners. Any failure on the part of the Securities Depository or a Participant, or failure on the part of a nominee of a beneficial owner of a Series 2006 Bond to notify the beneficial owner of the Series 2006 Bond so affected, shall not affect the validity of the redemption of such Series 2006 Bond.

**SECTION 11. DEPOSIT OF REDEMPTION PRICE; SERIES 2006 BONDS PAYABLE ON REDEMPTION.** On or prior to any redemption date, the Issuer shall deposit, from the applicable accounts in the Sinking Fund, moneys with the Paying Agent in an amount sufficient to pay the redemption price of all the Series 2006 Bonds which are to be redeemed on that date. Upon such deposit, such money shall be held in trust for the benefit of the Persons entitled to such redemption price and shall not be deemed to be part of the Pledged Funds.

The principal of and interest on all Series 2006 Bonds subject to redemption shall be paid first from moneys drawn under the Letter of Credit, and second from other moneys available to the Paying Agent. Moneys drawn under the Letter of Credit shall not be used to pay the redemption premium on any Series 2006 Bond, unless the Letter of Credit expressly provides for the payment of such redemption premium.

Notice of redemption having been given as aforesaid, the Series 2006 Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified and from and after such date (unless Eligible Moneys sufficient for the payment of the redemption price are not on deposit with the Paying Agent) such Series 2006 Bonds shall cease to bear interest. Upon surrender of any such Series 2006 Bond for redemption in accordance with said notice, the redemption price of such Series 2006 Bond shall be paid by the Paying Agent to the registered owner in immediately available funds by close of business on the redemption date. Installments of interest with a due date on or prior to the redemption date shall be payable to the owners of the Series 2006 Bonds registered as such on the relevant Record Dates according to the terms of such Series 2006 Bonds and the provisions of Section 5 hereof.

If any Series 2006 Bond called for redemption shall not be so paid upon surrender thereof for redemption, or as otherwise provided under Section 9 in lieu of surrender, the principal (and premium, if any) shall, until paid, bear interest from the redemption date at the rate prescribed therefor in the Series 2006 Bond.

**SECTION 12. OPTIONAL TENDERS FOR PURCHASE.** Series 2006 Bonds (except Series 2006 Bank Bonds and Series 2006 Issuer Bonds) bearing interest at Weekly Rates may be tendered for purchase, at the option of the owners thereof, at a purchase price equal to one hundred percent (100%) of the principal amount of such Series 2006 Bonds (or portions in authorized denominations) plus accrued interest, if any, to the purchase date, as follows:

(a) Optional Purchase Dates. The owners of Series 2006 Bonds (or the beneficial owners of Series 2006 Bonds held in a Book-Entry System through their direct Participants) may elect to have their Series 2006 Bonds or beneficial interests (or portions thereof in authorized denominations) purchased on any Business Day upon Electronic Notice of tender given to the Paying Agent not later than 5:00 p.m., New York City time, on a Business Day at least seven (7) days prior to the purchase date.

(b) Bondowner Notice of Optional Tender. Each notice of tender:

(1) shall be delivered by the bondowner (or, if the Series 2006 Bonds are held under the Book-Entry System, by the beneficial owner through its Participant in the Securities Depository) to the Paying Agent and the Remarketing Agent at their notice addresses (as herein provided) and shall be in form satisfactory to the Paying Agent;

(2) shall state (A) the principal amount of Series 2006 Bonds or beneficial interest (or portion thereof in authorized denominations) to be tendered, (B) that the owner irrevocably demands purchase of such Series 2006 Bonds or beneficial interest (or portion thereof in authorized denominations) to be tendered, (C) the date on which such Series 2006 Bonds or beneficial interest (or portion thereof in authorized denominations) to be tendered is to be purchased, and (D) the identity of the Participant through which the beneficial owner maintains its interest and payment instructions with respect to the purchase price; and

(3) shall automatically constitute (A) an irrevocable offer to sell the Series 2006 Bonds or beneficial interest (or portion thereof) to which the notice relates on the purchase date at the purchase price, (B) an irrevocable authorization and instruction to the Paying Agent to effect transfer of such Series 2006 Bonds (or portion thereof) upon payment of the purchase price to the Paying Agent on the purchase date, (C) an agreement of such owner (or beneficial owner through its participation in the Securities Depository) to make arrangements to deliver and transfer such Series 2006 Bonds or beneficial interest being tendered, with all necessary endorsements for transfer and signature guarantees, by delivery to the Paying Agent at its designated payment office not later than 11:00 a.m., New York City time, on the purchase date, or by causing its direct Participant to transfer its interest in the Series 2006 Bonds equal to such beneficial owner's interest on the records of the Securities Depository to the participant account of the Paying Agent or its agent with the Securities Depository, and (D) an acknowledgment that such owner will have no further rights with respect to such Series 2006 Bonds (or portion thereof) upon payment of the purchase price thereof to the Paying Agent on the purchase date, except for the right of such owner to receive such purchase price upon delivery of such Series 2006 Bonds to the Paying Agent, and that after the purchase date such owner will hold any undelivered bond certificate as agent for the Paying Agent.

The determination of the Paying Agent as to whether a notice of tender has been properly delivered pursuant to the foregoing shall be conclusive and binding upon the owner.

While the Book-Entry System is in effect, on the same date as delivery of the notice described above, a beneficial owner shall also require its Participant in the Securities Depository to deliver to the Securities Depository a notice irrevocably instructing it to transfer on the registration books of the Securities Depository the beneficial ownership interests in the Series 2006 Bond being tendered to the account of the Paying Agent, for settlement on the purchase date as described in clause (3) above on a "free delivery" basis, with a copy of such notice delivered to the Paying Agent on the same date.

(c) Notice by Paying Agent. Not later than 4:00 p.m., New York City time, on the first Business Day following the date of receipt of any notice of tender, the Paying Agent shall notify, by Electronic Notice, the Remarketing Agent, the Bank and the Issuer of receipt of such tender notice, the principal amount of Series 2006 Bonds or beneficial interest (or portions thereof) to be purchased and the purchase date.

**SECTION 13. MANDATORY TENDERS FOR PURCHASE.** Series 2006 Bonds bearing interest at Weekly Rates are subject to mandatory tender for purchase at a purchase price equal to one hundred percent (100%) of the principal amount of such Series 2006 Bonds, plus accrued interest, if any, to the purchase date, as follows:

(a) Mandatory Tender of Weekly Rate Series 2006 Bonds. Series 2006 Bonds accruing interest at a Weekly Rate are subject to mandatory tender for purchase on any Interest Payment Date applicable to such Series 2006 Bonds upon written demand of the Issuer with the prior written consent of the Bank.

(b) Mandatory Tender Upon Conversion Date. Series 2006 Bonds are subject to mandatory tender for purchase on the Conversion Date.

(c) Mandatory Tender Upon Expiration or Termination of the Letter of Credit. The Series 2006 Bonds will be subject to mandatory tender for purchase on the fifth Business Day prior to the expiration or termination of the Letter of Credit if the Paying Agent has not received evidence satisfactory to it by the forty-fifth day preceding the scheduled expiration or termination date of either an extension of the then existing Letter of Credit or the issuance of an Alternate Letter of Credit meeting the requirements set forth in this Resolution.

(d) Mandatory Tender Upon Substitution of Alternate Letter of Credit. The Series 2006 Bonds will be subject to mandatory tender for purchase on the date of substitution of an Alternate Letter of Credit for the then existing Letter of Credit. If a purchase of Series 2006 Bonds is effected pursuant to this subsection, the existing Letter

of Credit, if necessary, will be used to provide funds for such purchase, rather than the Alternate Letter of Credit.

(e) Notice by Paying Agent of Mandatory Tender. At any time the Series 2006 Bonds are subject to mandatory tender as provided above, the Paying Agent shall give notice of such mandatory tender for purchase to the owners of Series 2006 Bonds, the Issuer, the Bank, the Remarketing Agent, principal bond depositories, information services and each Rating Agency maintaining a rating on the Series 2006 Bonds, not less than fifteen (15) days before the mandatory tender date. If the Series 2006 Bonds are in certificated form, such notice shall include information with respect to required delivery of bond certificates and payment of the purchase price. The notice will state (1) the purchase date, (2) the purchase price, (3) if a Book-Entry System is not in effect, that the Series 2006 Bonds subject to mandatory tender must be surrendered to collect the purchase price, (4) if a Book-Entry System is not in effect, the address at which the Series 2006 Bonds must be surrendered, and (5) that interest on the Series 2006 Bonds (or beneficial interests) purchased ceases to accrue on the purchase date. In addition, if a Letter of Credit is expiring or being replaced, the notice will state the expiration or replacement date and that the expiration or replacement might result in a reduction or withdrawal of any rating of the Series 2006 Bonds.

Failure to give any required notice of mandatory tender as to any particular Series 2006 Bonds will not affect the validity of the purchase of any Series 2006 Bonds in respect of which no such failure has occurred. Any notice mailed as provided in this Resolution will be conclusively presumed to have been given whether or not actually received by any bondowner.

**SECTION 14. REMARKETING AND PURCHASE OF TENDERED SERIES 2006 BONDS.** (a) Remarketing of Tendered Series 2006 Bonds.

(1) Unless otherwise instructed by the Issuer, with the written consent of the Bank, the Remarketing Agent shall offer for sale and use its best efforts to find purchasers for all Series 2006 Bonds or portions thereof for which notice of tender has been received pursuant to Section 12 or which are subject to mandatory tender pursuant to Section 13, as provided herein and in the Remarketing Agreement. The terms of any sale of Series 2006 Bonds to be remarketed by the Remarketing Agent shall provide for the payment of the purchase price for tendered Series 2006 Bonds to the Remarketing Agent in sufficient time for the Remarketing Agent to deliver such funds to the Paying Agent in immediately available funds at or before 9:30 a.m., New York City time, on the purchase date, in exchange for Series 2006 Bonds registered in the name of the new bondowner, which Series 2006 Bonds shall be delivered by the Paying Agent to the Remarketing Agent at or before 12:00 noon, New York City time, on the purchase date if the purchase price with respect to all of the Series 2006 Bonds to be remarketed has been received from the Remarketing Agent by the time set forth above on the purchase date.

(2) The Remarketing Agent shall not remarket any Series 2006 Bond that is optionally tendered as to which a notice of redemption or a notice of mandatory tender has been given by the Paying Agent if the purchase date would occur on or after the eighth day prior to the redemption date or mandatory tender date, unless the Remarketing Agent consents and has notified the Person to whom the sale is made of the redemption notice or mandatory tender notice, and shall not in any event remarket any such Series 2006 Bond if the purchase date would occur on or after the second day prior to the redemption date or mandatory tender date.

(3) The Remarketing Agent shall not remarket any Series 2006 Bonds under this Section during the continuance of an Event of Default of which the Remarketing Agent has notice, unless the purchaser of such Series 2006 Bonds is given notice of such Event of Default, and shall not in any event remarket any Series 2006 Bonds if a Letter of Credit is in effect and following the occurrence of an Event of Default the principal of, premium, if any, and interest on the Series 2006 Bonds has become immediately due and payable pursuant to Section 29 hereof.

(4) The Remarketing Agent shall not knowingly remarket any Series 2006 Bonds to the Issuer.

(5) The purchase price of each Series 2006 Bond remarketed by the Remarketing Agent must be equal to the principal amount of each Series 2006 Bond plus accrued interest, if any, to the purchase date. The Issuer may direct the Remarketing Agent from time to time to cease and to resume sales efforts with respect to some of or all the Series 2006 Bonds. The Remarketing Agent may buy as principal any Series 2006 Bonds to be offered under this Section.

(b) Delivery of Tendered Series 2006 Bonds.

(1) When a Book-Entry System is not in effect, all tendered Series 2006 Bonds must be delivered to the Paying Agent at or prior to 11:00 a.m., New York City time, on the purchase date if the Series 2006 Bonds bear interest at the Weekly Rate. Such Series 2006 Bonds shall be accompanied by an instrument of transfer satisfactory to the Paying Agent, executed in blank by the owner, with all signatures guaranteed. The Paying Agent may refuse to accept delivery of any Series 2006 Bond for which an instrument of transfer satisfactory to it has not been provided and shall have no obligation to pay the purchase price of such Series 2006 Bond until a satisfactory instrument is delivered.

(2) When a Book-Entry System is in effect, the requirement for physical delivery of the Series 2006 Bonds under this Section shall be deemed satisfied when the ownership rights in the Series 2006 Bonds are transferred by direct Participants on the records of the Securities Depository.

(3) The Paying Agent shall hold all Series 2006 Bonds delivered pursuant to this Section in trust for the benefit of the owners thereof until moneys representing the purchase price of such Series 2006 Bonds shall have been delivered to or for the account of or to the order of such bondowners, and thereafter, if such Series 2006 Bonds are remarketed, shall deliver replacement Series 2006 Bonds, prepared by the Paying Agent in accordance with the directions of the Remarketing Agent and authenticated by the Paying Agent, for any Series 2006 Bonds purchased in accordance with the directions of the Remarketing Agent to the Remarketing Agent for delivery to the purchasers thereof.

(4) All Series 2006 Bonds to be purchased on any purchase date shall be required to be delivered to the designated payment office of the Paying Agent or its designated agent or drop service in New York City at or before 11:00 a.m., New York City time, on the purchase date. If the owner of any Series 2006 Bond (or portion thereof) in certificated form that is subject to optional or mandatory purchase pursuant to this Article fails to deliver such Series 2006 Bond to the Paying Agent for purchase on the purchase date, and if the Paying Agent is in receipt of the purchase price therefor, such Series 2006 Bond (or portion thereof) shall nevertheless be deemed purchased on the purchase date thereof and ownership of such Series 2006 Bond (or portion thereof) shall be transferred to the purchaser thereof as provided in subsection (c)(5) below. Any owner who fails to deliver such Series 2006 Bond for purchase shall have no further rights thereunder except the right to receive the purchase price thereof upon presentation and surrender of said Bond to the Paying Agent. The Paying Agent shall, as to any tendered Series 2006 Bonds which have not been delivered to it (i) promptly notify the Remarketing Agent of such nondelivery, and (ii) place or cause to be placed a stop transfer against an appropriate amount of Series 2006 Bonds registered in the name of such owner(s) on the bond registration books. Notwithstanding anything herein to the contrary, so long as the Series 2006 Bonds are held in a Book-Entry System, Series 2006 Bonds will not be delivered as set forth above; rather, transfers of beneficial ownership of the Series 2006 Bonds to the person indicated above will be effected on the registration books of the Securities Depository pursuant to its rules and procedures.

(c) Purchase of Tendered Series 2006 Bonds.

(1) Notices. At or before 10:30 a.m., New York City time, on the purchase date, the Remarketing Agent shall give notice to the Paying Agent by Electronic Notice of the principal amount of Series 2006 Bonds which have been remarketed, the actual amount of remarketing proceeds that will be delivered by or on behalf of the Remarketing Agent to the Paying Agent on the purchase date, the names, addresses and taxpayer identification numbers of the purchasers, the

denominations of Series 2006 Bonds to be delivered to each purchaser and, if available, payment instructions for regularly scheduled interest payments, or of any changes in any such information previously communicated. If the Paying Agent shall fail to receive such notice from the Remarketing Agent by 10:30 a.m., New York City time, on any purchase date, the Paying Agent shall contact the Remarketing Agent by telephone to request the information required to be provided in such notice. At or before 11:30 a.m., New York City time, on the purchase date, upon receipt of such notice, the Paying Agent shall promptly give Electronic Notice to the Bank and the Issuer, specifying the principal amount of tendered Series 2006 Bonds as to which the Remarketing Agent has not found a purchaser at that time or has found a purchaser from whom payment has not been received.

(2) Sources of Payments. The Remarketing Agent shall pay or cause to be paid to the Paying Agent, in immediately available funds, by 10:30 a.m., New York City time, on the purchase date of tendered Series 2006 Bonds, all amounts representing proceeds of the remarketing of such Series 2006 Bonds (the "Remarketing Proceeds"), and all such remarketing proceeds shall be deposited by the Paying Agent directly into the Remarketing Account in the Bond Purchase Fund. If the Remarketing Proceeds will not be sufficient to pay the purchase price on the purchase date of Series 2006 Bonds (other than Series 2006 Bank Bonds or Series 2006 Issuer Bonds), the Paying Agent shall demand payment under the Letter of Credit prior to 11:00 a.m., New York City time, on the purchase date, in the manner set forth in the Letter of Credit, and the Bank shall furnish to the Paying Agent immediately available funds by 1:30 p.m., New York City time, on such purchase date, in an amount sufficient, together with the Remarketing Proceeds and moneys drawn under the Letter of Credit, to enable the Paying Agent to pay the purchase price of such Series 2006 Bonds to be purchased on such purchase date; provided, the Paying Agent shall not make any demand for payment under the Letter of Credit with respect to Series 2006 Issuer Bonds or Series 2006 Bank Bonds. All moneys received by the Paying Agent as Remarketing Proceeds or from demands by the Paying Agent under the Letter of Credit, as the case may be, shall be deposited by the Paying Agent in the appropriate account of the Bond Purchase Fund as herein provided and shall be used solely for the payment of the purchase price of tendered Series 2006 Bonds and shall not be commingled with other funds held by the Paying Agent.

(3) Bond Purchase Fund. The Paying Agent shall deposit or cause to be deposited into the Remarketing Account in the Bond Purchase Fund, when and as received, all moneys delivered to the Paying Agent as and for the purchase price of remarketed Series 2006 Bonds by or on behalf of the Remarketing Agent. The Paying Agent shall disburse moneys from the Remarketing Account to pay the purchase price of Series 2006 Bonds properly tendered for purchase upon

surrender of such Series 2006 Bonds (or to reimburse the Bank for amounts paid under the Letter of Credit with respect to such Series 2006 Bonds) in immediately available moneys by close of business on the purchase date. No purchase of Series 2006 Bonds by the Paying Agent or the Issuer or advance use of any funds to effectuate any such purchase shall be deemed to be a payment or redemption of the Series 2006 Bonds or any portion thereof, and such purchase will not operate to extinguish or discharge the indebtedness evidenced by such Series 2006 Bonds.

The Paying Agent shall deposit or cause to be deposited into the Bank Purchase Account in the Bond Purchase Fund when and as received, all proceeds from demand made on the Letter of Credit pursuant to Section 14(c)(2). The Paying Agent shall disburse moneys from the Bank Purchase Account to pay the purchase price of Series 2006 Bonds properly tendered for purchase upon surrender of such Series 2006 Bonds; provided that such proceeds shall not be applied to purchase Series 2006 Bank Bonds or Series 2006 Issuer Bonds. The Issuer authorizes and directs the Paying Agent to demand money under the Letter of Credit in accordance with the provisions of the Reimbursement Agreement and this Supplemental Resolution, to the extent necessary for the purchase of Series 2006 Bonds pursuant hereto. The Issuer authorizes and directs the Paying Agent to apply the payments made by the Paying Agent under this paragraph to the payment of the purchase price of Series 2006 Bonds.

The Issuer shall pay the Paying Agent, from the Sinking Fund (the Interest Account with respect to the portion of the purchase price corresponding to interest, and the Principal Account or Term Bonds Redemption Account, as the case may be, with respect to the portion of the purchase price corresponding to principal) at the times and in the amounts and manner herein specified, the amounts required in order to purchase any Series 2006 Bonds tendered for purchase; provided, however, that the amounts required to be paid by the Issuer under this paragraph shall be reduced by the amounts made available for such purpose from the proceeds of the remarketing of such Series 2006 Bonds by the Remarketing Agent and deposited in the Bond Purchase Fund or through payments by the Bank under the Letter of Credit deposited in the Bond Purchase Fund pursuant to Section 14 hereof. The Paying Agent shall deposit or cause to be deposited into the Issuer Purchase Account in the Bond Purchase Fund, when and as received, all moneys delivered to the Paying Agent by the Issuer as and for the purchase price of Series 2006 Bonds by the Issuer. The Paying Agent shall disburse moneys from the Issuer Purchase Account to pay the purchase price of Series 2006 Bonds properly tendered for purchase upon surrender of such Series 2006 Bonds; provided, that such proceeds shall not be applied to purchase Series 2006 Bank Bonds or Series 2006 Issuer Bonds.



Once deposited therein, the moneys in the Bond Purchase Fund shall not be part of the Pledged Funds subject to any lien of the Resolution, but shall be used solely to pay the purchase price of Series 2006 Bonds as aforesaid (or to reimburse the Bank for amounts paid under the Letter of Credit for such purpose) and may not be used for any other purposes. The Paying Agent shall hold the moneys in the Bond Purchase Fund for the benefit of the owners of Series 2006 Bonds which have been properly tendered for purchase or deemed tendered on the purchase date. If sufficient funds to pay the purchase price for such tendered Series 2006 Bonds shall be held by the Paying Agent in the Bond Purchase Fund for the benefit of the owners thereof each such owner shall thereafter be restricted exclusively to the Bond Purchase Fund for any claim of whatever nature on such owner's part under this Resolution or on, or with respect to, such tendered Series 2006 Bonds. Moneys in the Bond Purchase Fund which remain unclaimed one year after the applicable purchase date shall, at the request of the Issuer, be paid to the Issuer, and the Issuer shall comply with Chapter 717, Florida Statutes, or any successor provision of law governing the disposition of unclaimed property with respect thereto.

(4) Payments by the Paying Agent. At or before 1:45 p.m., New York City time, on the purchase date for tendered Series 2006 Bonds and upon receipt by the Paying Agent of one hundred percent (100%) of the aggregate purchase price of the tendered Series 2006 Bonds, the Paying Agent shall pay the purchase price of such Series 2006 Bonds to the owners thereof. Such payments shall be made in immediately available funds. The Paying Agent shall apply to such payments in the following order: (A) moneys paid to it by the Remarketing Agent as proceeds of the remarketing of such Series 2006 Bonds by the Remarketing Agent, (B) proceeds made available through the Letter of Credit, and (C) other moneys made available by the Issuer.

(5) Registration and Delivery of Purchased Series 2006 Bonds. On the date of purchase, the Paying Agent shall register and deliver (or hold) all Series 2006 Bonds purchased on any purchase date as follows: (A) Series 2006 Bonds purchased or remarketed by the Remarketing Agent shall be registered and made available to the Remarketing Agent by 12:00 noon, New York City time, in accordance with the instructions of the Remarketing Agent, (B) Series 2006 Bonds purchased with proceeds made available through the Letter of Credit shall be registered in the name of the Bank and shall be held by the Paying Agent as Series 2006 Bank Bonds in accordance with subparagraph (6) below, and (C) Series 2006 Bonds purchased with amounts provided by the Issuer shall be registered in the name of the Issuer and shall be held in trust by the Paying Agent on behalf of the Issuer and shall not be released from such trust unless the Paying Agent shall have received written instructions from the Issuer. Notwithstanding anything herein to the contrary, so long as the Series 2006 Bonds are held under a Book-Entry

System, Series 2006 Bonds will not be delivered as set forth above; rather, transfers of beneficial ownership of the Series 2006 Bonds to the Person indicated above will be effected on the registration books of the Securities Depository pursuant to its rules and procedures.

(6) Series 2006 Bank Bonds. Series 2006 Bonds purchased with proceeds made available through the Letter of Credit pursuant to this Section shall be deemed purchased for the benefit of the Bank, shall constitute "Series 2006 Bank Bonds," and shall be held by the Paying Agent as fiduciary for the Bank (and shall be shown as Series 2006 Bank Bonds on the bond register or, if the Series 2006 Bonds are held in the Book-Entry System, such Series 2006 Bank Bonds shall be recorded in the books of the Securities Depository for the account of the Paying Agent, as custodian for the Bank) in accordance with the provisions of this Resolution and the Reimbursement Agreement. The Remarketing Agent shall continue to use its best efforts to arrange for the sale of any Series 2006 Bank Bonds, subject to full reinstatement of the amount available to be drawn under the Letter of Credit with respect to such Series 2006 Bonds.

The Bank's security interest in Series 2006 Bank Bonds shall be released only after the Paying Agent has received Electronic Notice from the Bank that the Letter of Credit has been reinstated by the amount of the funds drawn to purchase Series 2006 Bank Bonds (A) as a result of reimbursement by the Issuer to the Bank or (B) (i) while the Book-Entry System is in effect, because Series 2006 Bank Bonds have been remarketed and the proceeds of such remarketing have been received by the Securities Depository for the account of the Paying Agent (for the benefit of the Bank) or (ii) if the Book-Entry System is not in effect, because Series 2006 Bank Bonds have been remarketed and the proceeds of such remarketing have been received by the Paying Agent (for the benefit of the Bank). The Paying Agent shall promptly give the Bank Electronic Notice that the proceeds referred to in clause (B) above have been credited to its account (for the benefit of the Bank) by the Securities Depository in the case of clause (B)(i) or have been received by it in the case of clause (B)(ii), and in each case are being sent to the Bank by wire transfer in accordance with the Bank's written wire instructions. If Series 2006 Bank Bonds have been released pursuant to clause (B) above, (i) while the Book-Entry System is in effect, the Paying Agent shall instruct the Securities Depository to transfer such Series 2006 Bonds on its records to the account of the Remarketing Agent or its Participant and (ii) if the Book-Entry System is not in effect, the Paying Agent shall register such Series 2006 Bonds in accordance with the instructions of the Remarketing Agent. If Series 2006 Bank Bonds have been released pursuant to clause (A) above, (i) while the Book-Entry System is in effect, the Paying Agent shall instruct the Securities Depository to transfer any such Series 2006 Bonds to the account of a Participant

designated by the Issuer, or (ii) if the Book-Entry System is not in effect, the Paying Agent shall register such Series 2006 Bonds to the Issuer or its designee.

If the Remarketing Agent remarkets any Series 2006 Bank Bond, the Remarketing Agent shall direct the purchaser of such Series 2006 Bank Bond to transfer, by 9:30 a.m., New York City time, on the purchase date, the purchase price of such remarketed Series 2006 Bank Bond to the Paying Agent for deposit into a separate subaccount of the Remarketing Account of the Bond Purchase Fund, to be disbursed from such subaccount solely for the purposes described in this paragraph. The Paying Agent shall immediately notify the Bank of the receipt of the purchase price for such Series 2006 Bank Bond, and upon receipt by the Bank in immediately available funds of all amounts due under the Reimbursement Agreement as reimbursement for the full amount therefore drawn under the Letter of Credit to purchase such Series 2006 Bank Bonds, and of written evidence to the Paying Agent as provided in the Letter of Credit of full reinstatement of such amount drawn under the Letter of Credit, such Series 2006 Bank Bond shall be considered released from the pledge to the Bank (absent written notice from the Bank to the Paying Agent to the contrary). The Paying Agent shall transfer such purchase price to the Bank upon receipt thereof in exchange for reinstatement of the amount available to be drawn under the Letter of Credit (as contemplated above), and give all required notices, in accordance with the terms of the Letter of Credit. If moneys remain on deposit with the Paying Agent in such subaccount after payment is made to the Bank as described in the preceding sentence, such moneys shall be paid to, or upon the order of, the Issuer.

Notwithstanding anything to the contrary in this subsection, if and for so long as the Series 2006 Bonds are held in Book-Entry Form, the registration requirements for Series 2006 Bank Bonds under this subsection shall be deemed satisfied if Series 2006 Bank Bonds are (A) registered in the name of the Securities Depository or its nominee, (B) credited on the books of the Securities Depository to the account of (i) the Bank (or its designee) or (ii) the Paying Agent (or its nominee) and further credited on the books of the Paying Agent (or such nominee) to the account of the Bank (or its designee).

(7) Series 2006 Issuer Bonds. In the event that any Series 2006 Bonds are registered to the Issuer pursuant to subparagraph (5) or (6) above, to the extent requested by the Issuer the Remarketing Agent shall offer for sale and use its best efforts to remarket such Series 2006 Bonds.

(d) Limitations on Tenders.

(1) Owners or beneficial owners of Series 2006 Bonds shall not have the right or be required, as the case may be, to tender any Series 2006 Bond for purchase on an optional tender date or a mandatory tender date if on such date a

Letter of Credit is in effect and, following the occurrence of an Event of Default, the principal of, premium, if any, and interest on the Series 2006 Bonds shall have become immediately due and payable pursuant to Section 29.

(2) Owners or beneficial owners of Series 2006 Bonds called for redemption or mandatory repurchase shall not have the right (without the prior consent of the Remarketing Agent) to tender such Series 2006 Bonds for purchase on an optional tender date if such optional tender date will occur on or after the tenth day prior to the date fixed for redemption or mandatory repurchase. Notwithstanding the foregoing, owners or beneficial owners of Series 2006 Bonds called for redemption shall not have the right in any event to tender such Series 2006 Bonds for purchase on an optional tender date if such optional tender date will occur on or after the second day prior to the date fixed for redemption.

**SECTION 15. REMARKETING AGENT.** UBS Securities LLC shall be the initial Remarketing Agent hereunder and under the Remarketing Agreement, and shall serve as Remarketing Agent at all times while the Series 2006 Bonds bear interest at a Weekly Rate until it resigns or is removed and a successor Remarketing Agent appointed for the Series 2006 Bonds as provided in this Section.

The Remarketing Agreement, in substantially the form thereof attached hereto as Exhibit B, with such changes, alteration and corrections thereto as may be approved by the Mayor and Clerk, such approval to be presumed by the execution by the Mayor and Clerk, is hereby approved by the Issuer, and, upon execution thereof by Remarketing Agent, the Issuer authorizes and directs the Mayor and Clerk to execute the Remarketing Agreement and to deliver the same to the Remarketing Agent, all of the provisions of which, when executed and delivered by the Issuer and Remarketing Agent shall be deemed to be a part of this Supplemental Resolution as fully and to the same extent as if incorporated herein verbatim.

The Remarketing Agent shall be a corporation or other legal entity organized and doing business under the laws of the United States of America or of any state thereof, authorized under such laws to perform all duties imposed upon the Remarketing Agent by this Supplemental Resolution, and shall be either (a) a member of the National Association of Securities Dealers, Inc. and registered as a Municipal Securities Dealer under the Securities Exchange Act of 1934, as amended, or (b) a national banking association, commercial bank or trust Issuer. So long as the Series 2006 Bonds are held in the Book-Entry System, the Remarketing Agent must be a Participant in the Book-Entry System with respect to the Series 2006 Bonds.

The Remarketing Agent shall perform all of the duties imposed upon it by this Supplemental Resolution and the Remarketing Agreement, but only upon the terms and conditions set forth herein and the Remarketing Agreement, including the following:

(a) set the interest rates on the Series 2006 Bonds and perform the other duties provided for in Section 5 hereof, and remarket Series 2006 Bonds as provided in Section 14 hereof and in the Remarketing Agreement;

(b) hold all moneys delivered to it hereunder for the purchase of Series 2006 Bonds in trust solely for the benefit of the person or entity which shall have so delivered such moneys until the Series 2006 Bonds purchased with such moneys shall have been delivered to or for the account of such person or entity;

(c) keep such books and records as shall be consistent with customary industry practice that shall accurately reflect the transactions hereunder and to make such books and records available for inspection by the Issuer, the Paying Agent and the Bank at all reasonable times;

(d) deliver any notices required by this Supplemental Resolution to be delivered by the Remarketing Agent; and

(e) perform all other duties of the Remarketing Agent under this Supplemental Resolution and the Remarketing Agreement.

The Remarketing Agreement shall provide that the Remarketing Agent at any time may resign and be discharged of the duties and obligations imposed upon the Remarketing Agent thereby and by this Supplemental Resolution, by giving written notice thereof to the Issuer, the Paying Agent and the Bank at least thirty (30) days prior to the effective date of such resignation. The Remarketing Agreement shall provide that the Remarketing Agent shall resign immediately at any time that it shall cease to be eligible in accordance with the provisions of this Section.

The Remarketing Agreement shall provide that the Remarketing Agent may be removed at any time by the Issuer by an instrument in writing delivered at least fifteen (15) days prior to the effective date of such removal to the Remarketing Agent, the Paying Agent and the Bank.

If the Remarketing Agent shall resign, be removed or become incapable of acting for any cause, the Issuer, with the consent of the Bank (which consent shall not be unreasonably withheld), shall promptly appoint a successor Remarketing Agent for the Series 2006 Bonds, subject to the conditions set forth herein, by an instrument in writing delivered to the Paying Agent, the Bank, and the retiring Remarketing Agent. Every such successor Remarketing Agent appointed pursuant to the provisions of this Section shall meet the eligibility requirements of this Section.

Every successor Remarketing Agent appointed hereunder shall execute and deliver to the Issuer, the Paying Agent, the Bank and the retiring Remarketing Agent an instrument accepting such appointment, designating its principal office and signifying its

acceptance of the duties and obligations imposed upon it hereunder. No resignation or removal of the Remarketing Agent and no appointment of a successor Remarketing Agent pursuant to this Section shall become effective until the acceptance of appointment by the successor Remarketing Agent hereunder.

The Paying Agent shall give notice of each resignation and each removal of the Remarketing Agent and each appointment of a successor Remarketing Agent by mailing written notice of such event within thirty (30) days of the resignation or removal of the Remarketing Agent or the appointment of a successor Remarketing Agent, to the Bank, each Rating Agency maintaining a rating on the Series 2006 Bonds and the registered owners of the Series 2006 Bonds as their names and addresses appear in the bond register maintained by the Paying Agent. Each notice shall include the name of the successor Remarketing Agent and the address of its principal office.

In the event of the resignation or removal of the Remarketing Agent, and the appointment of a successor Remarketing Agent, the retiring Remarketing Agent shall pay over, assign and deliver any moneys and Series 2006 Bonds held by it in such capacity to its successor.

**SECTION 16. CREATION OF FUNDS AND ACCOUNTS.** There shall be established in the custody of the Paying Agent the following funds and accounts with respect to the Series 2006 Bonds, to be designated as follows:

(a) "Debt Service Fund," and within such fund three separate and segregated accounts designated the "Eligible Moneys Account," the "Non-Eligible Moneys Account" and the "Letter of Credit Account."

(b) "Bond Purchase Fund," and within the such fund three separate and segregated accounts designated the "Remarketing Account," the "Bank Purchase Account" and the "Issuer Purchase Account."

All moneys deposited with or paid to the Paying Agent for the funds and accounts held under this Supplemental Resolution shall be held by the Paying Agent in trust and shall be applied only in accordance with the provisions of this Supplemental Resolution, and shall not be commingled with any other funds.

Amounts on deposit in the Debt Service Fund or Bond Purchase Fund shall not be invested.

**SECTION 17. DEBT SERVICE PAYMENTS.** The Issuer shall duly and punctually pay or cause to be paid the principal of, redemption premium, if any, and interest on the Series 2006 Bonds in accordance with the terms of the Series 2006 Bonds, this Supplemental Resolution and the Resolution.

When a Letter of Credit is in effect and there has been no failure of the Bank to honor a properly presented drawing made thereon, the Paying Agent will make payments of premium, if any, principal of and interest on Series 2006 Bonds, and the Paying Agent will make payments of purchase price of Series 2006 Bonds purchased pursuant to a tender, first, (for payment of the purchase price of Series 2006 Bonds only and subject to Section 14), from the remarketing proceeds of the sale of Series 2006 Bonds under Section 14, except proceeds from Series 2006 Bonds sold to, and registered in the name of, the Issuer; second, from moneys drawn under the Letter of Credit; and third, from any other moneys available to the Paying Agent under this Supplemental Resolution and the Resolution.

When a Letter of Credit is in effect, but there has been a failure by the Bank to honor a properly presented drawing made thereon, the Paying Agent will make payments of principal of, premium, if any, and interest on the Series 2006 Bonds and the Paying Agent will make payments of purchase price of Series 2006 Bonds first (for payment of the purchase price of Series 2006 Bonds only and subject to Section 14) from the remarketing proceeds of the sale of Series 2006 Bonds under Section 14, and second from any moneys available to the Paying Agent under this Supplemental Resolution and the Resolution.

When a Letter of Credit is not in effect, the Paying Agent will make payments of principal of, premium, if any, and interest on the Series 2006 Bonds from any moneys available to the Paying Agent under this Supplemental Resolution and the Resolution.

The Issuer shall, from amounts available for such purpose in the Sinking Fund, make the following payments of the interest on and principal of, and redemption premium, if any, on the Series 2006 Bonds, directly to the Paying Agent, in immediately available funds, for deposit in the Debt Service Fund, on the following dates, and otherwise as set out below:

(a) Debt Service Fund--Interest: On or before 1:30 p.m., New York City time, on each Interest Payment Date or any other date that any payment of interest is required to be made in respect of the Series 2006 Bonds, an amount which is, together with any other moneys available for such purpose in the Debt Service Fund other than the Remarketing Subaccount, not less than the interest to become due on the Series 2006 Bonds on such Interest Payment Date or other date that interest is due.

(b) Debt Service Fund--Principal: On or before 1:30 p.m., New York City time, on each principal payment date on the Series 2006 Bonds (whether at maturity or acceleration or otherwise), an amount which, together with any other moneys available for such purpose in the Debt Service Fund, is not less than the principal due on the Series 2006 Bonds on the next principal payment date by maturity or otherwise.

(c) Debt Service Fund--Redemption: On or before the date required by this Supplemental Resolution and the Series 2006 Bonds, the amount required to redeem Series 2006 Bonds then Outstanding if the Issuer exercises its right to redeem Series 2006 Bonds under any provision of this Supplemental Resolution or if any Series 2006 Bonds are required to be redeemed under any provision of this Supplemental Resolution.

The Issuer shall receive a credit against its obligations to make the payments under this Section and the obligation of the Issuer to make any such payment hereunder shall be deemed satisfied and discharged to the extent of the corresponding payment made by the Bank to the Paying Agent under the Letter of Credit; provided further, however, that to the extent such payment is not made under the Letter of Credit, the Issuer is obligated to make full payment.

If the Issuer fails to make any of the payments required in this Section, the item or installment so in default shall continue as an obligation of the Issuer until the amount in default shall have been fully paid, and the Issuer agrees to pay the same with interest thereon from the date when such payment was due until paid in full, at the rate of interest borne by the Series 2006 Bonds.

**SECTION 18. PAYING AGENT.** There shall be at all times be a Paying Agent. The Paying Agent shall be a corporation or other legal entity organized and doing business under the laws of the United States of America or of any state thereof, authorized under such laws to perform all duties imposed upon the Paying Agent by this Supplemental Resolution. So long as the Series 2006 Bonds are held in the Book-Entry System, the Paying Agent must be a Participant in the Book-Entry System with respect to the Series 2006 Bonds.

U.S. Bank National Association shall be the initial Paying Agent hereunder and under the Paying Agent Agreement, and shall serve as Paying Agent until it resigns or is removed and a successor Paying Agent appointed for the Series 2006 Bonds as provided in this Section. The Mayor and Clerk are authorized to approve the form of and to execute the Paying Agent Agreement on behalf of the Issuer.

The Paying Agent shall perform all of the duties imposed upon it by this Supplemental Resolution and the Paying Agent Agreement, but only upon the terms and conditions set forth herein and the Paying Agent Agreement, including the following:

(a) hold all Series 2006 Bonds delivered to it hereunder in trust for the benefit of the respective owners which shall have so delivered such Series 2006 Bonds until moneys representing the purchase price of such Series 2006 Bonds shall have been delivered to or for the account of or to the order of such owners;

(b) hold all moneys delivered to it hereunder for the purchase of Series 2006 Bonds in trust solely for the benefit of the person or entity which shall have so delivered



such moneys until the Series 2006 Bonds purchased with such moneys shall have been delivered to or for the account of such person or entity;

(c) keep such books and records as shall be consistent with customary industry practice that shall accurately reflect the transactions hereunder and to make such books and records available for inspection by the Issuer and the Bank at all reasonable times;

(d) deliver any notices required by this Supplemental Resolution to be delivered by the Paying Agent; and

(e) perform all other duties of the Paying Agent under this Supplemental Resolution and the Paying Agent Agreement.

The Paying Agent shall maintain records with respect to any and all moneys or investments held by the Paying Agent under this Supplemental Resolution in the Debt Service Fund and the Bond Purchase Fund. The Paying Agent shall furnish to the Issuer, monthly on the tenth Business Day of each month, a statement showing the status of each of the funds and accounts established hereunder which are held by the Paying Agent, showing the balance in each such fund or account as of the first day of the preceding month, the total of deposits to and the total of disbursements from each such fund or account, the dates of such deposits and disbursements, and the balance in each such fund or account on the last day of the preceding month. The Paying Agent shall render an annual accounting for each Fiscal Year ending September 30 to the Bank and the Issuer, showing in reasonable detail all financial transactions relating to the Series 2006 Bonds during the statement period, including investment earnings and the balance in any funds or accounts created by this Supplemental Resolution as of the beginning and close of such accounting period.

The Paying Agent Agreement shall provide that the Paying Agent at any time may resign and be discharged of the duties and obligations imposed upon the Paying Agent thereby and by this Supplemental Resolution, by giving written notice thereof to the Issuer, the Remarketing Agent and the Bank at least thirty (30) days prior to the effective date of such resignation. The Paying Agent Agreement shall provide that the Paying Agent shall resign immediately at any time that it shall cease to be eligible in accordance with the provisions of this Section.

The Paying Agent Agreement shall provide that the Paying Agent may be removed at any time by the Issuer by an instrument in writing delivered at least fifteen (15) days prior to the effective date of such removal to the Paying Agent, the Remarketing Agent and the Bank.

If the Paying Agent shall resign, be removed or become incapable of acting for any cause, the Issuer, with the consent of the Bank and Remarketing Agent (which consents shall not be unreasonably withheld), shall promptly appoint a successor Paying

Agent for the Series 2006 Bonds, subject to the conditions set forth herein, by an instrument in writing delivered to the Remarketing Agent, the Bank, and the retiring Paying Agent. Every such successor Paying Agent appointed pursuant to the provisions of this Section shall meet the eligibility requirements of this Section.

Every successor Paying Agent appointed hereunder shall execute and deliver to the Issuer, the Remarketing Agent, the Bank and the retiring Paying Agent an instrument accepting such appointment, designating its principal office and signifying its acceptance of the duties and obligations imposed upon it hereunder. No resignation or removal of the Paying Agent and no appointment of a successor Paying Agent pursuant to this Section shall become effective until the acceptance of appointment by the successor Paying Agent hereunder.

The Issuer or successor Paying Agent shall give notice of each resignation and each removal of the Paying Agent and each appointment of a successor Paying Agent by mailing written notice of such event within thirty (30) days of the resignation or removal of the Paying Agent or the appointment of a successor Paying Agent, to the Bank, each Rating Agency maintaining a rating on the Series 2006 Bonds and the registered owners of the Series 2006 Bonds as their names and addresses appear in the bond register. Each notice shall include the name of the successor Paying Agent and the address of its principal office.

In the event of the resignation or removal of the Paying Agent, and the appointment of a successor Paying Agent, the retiring Paying Agent shall pay over, assign and deliver any moneys and Series 2006 Bonds held by it in such capacity to its successor.

**SECTION 19. DEBT SERVICE FUND.** The Paying Agent shall deposit and credit to the applicable account in the Debt Service Fund, as and when received, the following:

(a) All payments made by the Issuer pursuant to Section 17 of this Supplemental Resolution shall be deposited and credited to the Non-Eligible Moneys Account of the Debt Service Fund. At such time as moneys in the Non-Eligible Moneys Account shall constitute Eligible Moneys, they shall be transferred to the Eligible Moneys Account.

(b) All moneys drawn by the Paying Agent under the Letter of Credit to pay scheduled principal, premium, if any, and interest on the Series 2006 Bonds shall be deposited and credited to the Letter of Credit Account of the Debt Service Fund and shall not be commingled with any other moneys held by the Paying Agent. Moneys in the Debt Service Fund shall be held in trust and shall be applied in accordance with the provisions of this Supplemental Resolution to pay the principal of and redemption premium, if any, and interest on the Series 2006 Bonds as the same become due and

payable at maturity, upon redemption or otherwise, using moneys in the Letter of Credit Account, the Eligible Moneys Account and the Non-Eligible Moneys Account, in that order.

If the Letter of Credit is in effect, the Paying Agent shall draw on the Letter of Credit the full amount required for the purpose of paying the principal of and interest due and payable on the Series 2006 Bonds (other than Series 2006 Bank Bonds and Series 2006 Issuer Bonds) on each payment date. Such drawing shall be made in a timely manner under the terms of the Letter of Credit in order that the Paying Agent may realize funds thereunder in sufficient time to pay bondowners on the payment dates as provided herein. So long as the Letter of Credit is in force, the Paying Agent shall deposit all moneys received pursuant to each draw on the Letter of Credit with respect to payment of principal of and interest on the Series 2006 Bonds in the Letter of Credit Account in the Debt Service Fund and shall apply such moneys to the payment of the principal of and interest on or redemption price of Series 2006 Bonds as provided in this Section.

If no Letter of Credit is then in effect, the Paying Agent shall use moneys received from the Issuer and on deposit in the Debt Service Fund to pay the full amount of principal of and interest due on the Series 2006 Bonds on each payment date.

After payment in full of the principal of, redemption premium, if any, and interest on the Series 2006 Bonds (or after provision has been made for the payment thereof as provided in the Resolution), and the fees, charges and expenses of the Paying Agent, all amounts remaining in the Debt Service Fund shall be paid to the Bank (to the extent the Bank certifies to the Paying Agent that the Issuer is indebted to it under the Reimbursement Agreement) and then to the Issuer.

**SECTION 20. BOND PURCHASE FUND.** Moneys in the Bond Purchase Fund shall be held by the Paying Agent in trust (but not as part of the Pledged Funds) and shall be applied for payment of the purchase price of tendered Series 2006 Bonds as provided in Sections 12 through 14 hereof.

**SECTION 21. PAYMENTS DUE ON NON-BUSINESS DAYS.** In any case where the date of maturity of principal of, redemption premium, if any, or interest on the Series 2006 Bonds or the date fixed for redemption of any Series 2006 Bonds shall be a day other than a Business Day, then payment of principal, redemption premium, if any, or interest need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

**SECTION 22. NONPRESENTMENT OF SERIES 2006 BONDS.** Except as otherwise provided in Section 14(c)(3) hereof, in the event any Series 2006 Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof, if funds sufficient to pay such

Series 2006 Bond shall have been made available to the Paying Agent, all liability of the Issuer to the owner thereof for the payment of such Series 2006 Bond, shall forthwith terminate and be completely discharged, and thereupon it shall be the duty of the Paying Agent to hold such funds in trust, without liability for interest thereon, for the benefit of the owner of such Series 2006 Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Supplemental Resolution or the Resolution or on or with respect to said Series 2006 Bond. Except as otherwise provided in Section 14(c)(3) hereof, if any Series 2006 Bond shall not be presented for payment within one year following the date when such Series 2006 Bond becomes due, whether by maturity or otherwise, the Paying Agent shall, at the request of the Issuer, repay to the Issuer the funds theretofore held by it for payment of such Series 2006 Bond, and such Series 2006 Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the Issuer, and the owner thereof shall be entitled to look only to the Issuer for payment, and then only to the extent of the amount so repaid, and the Issuer shall not be liable for any interest thereon.

**SECTION 23. LETTER OF CREDIT.** The initial Letter of Credit issued by the Bank and delivered to the Paying Agent authorizes the Paying Agent, subject to the terms and conditions thereof, to draw funds for the payment of the principal of and up to thirty-five (35) days' interest on the Series 2006 Bonds (calculated at the Maximum Rate) at the scheduled maturity dates, redemption dates or acceleration date thereof, and for the payment of the purchase price of Series 2006 Bonds that have been tendered for purchase and for which proceeds of remarketing have not been received. If the Series 2006 Bonds are converted from a Weekly Rate to the Fixed Rate while a Letter of Credit is in effect, the stated coverage of the Letter of Credit must first have been increased to include such number of days of interest on the Series 2006 Bonds as may be required by each Rating Agency to maintain the current ratings assigned to the Series 2006 Bonds. The Paying Agent shall hold the Letter of Credit for the benefit of the owners or purchasers of the Series 2006 Bonds until the Letter of Credit terminates in accordance with its terms or an Alternate Letter of Credit is substituted for the Letter of Credit under Section 24 hereof. If at any time during the term of the Letter of Credit the Paying Agent resigns or is removed, and a successor Paying Agent is appointed and qualified under this Supplemental Resolution, the Paying Agent that is resigning or being removed shall request that the Bank transfer the Letter of Credit to the successor Paying Agent, and shall take all actions necessary to effect the transfer of the Letter of Credit to the successor Paying Agent.

The Issuer shall cause the Letter of Credit to be continuously maintained in full force and effect (except when the Series 2006 Bonds are being converted to the Fixed Rate without a Letter of Credit) in an amount equal to the principal amount of the Outstanding Series 2006 Bonds plus the amount required for interest thereon, until all of the Series 2006 Bonds have been paid in full or their payment provided for in accordance with Section 9.01 of the Resolution. The Issuer will exercise its best efforts to extend the

term of the Letter of Credit currently in effect or to cause an Alternate Letter of Credit to be delivered by the Bank to the Paying Agent prior to the termination date of the Letter of Credit then in effect pursuant to the provisions of Sections 23 through 28 of this Supplemental Resolution.

**SECTION 24. ALTERNATE LETTER OF CREDIT.** The Issuer may at any time, subject to any applicable provisions of the Reimbursement Agreement, arrange for the replacement of an existing Letter of Credit with an Alternate Letter of Credit conforming to the requirements of Section 23 hereof, and the Paying Agent shall accept any Alternate Letter of Credit, subject to the following requirements and conditions:

(a) Each Alternate Letter of Credit shall be an irrevocable direct-pay letter of credit, bank bond purchase agreement, bond insurance policy, surety bond or other agreement or instrument issued and delivered in substitution for an existing Letter of Credit, under which any Person (other than the Issuer) authorizes the Paying Agent to draw funds or undertakes to make or provide funds to make payments of the principal of and interest on the Series 2006 Bonds, as and when due, and payments of the purchase price of Series 2006 Bonds that have been tendered for purchase and for which proceeds of remarketing have not been received.

(b) Each Alternate Letter of Credit, or a binding commitment satisfactory to the Paying Agent to issue and deliver the Alternate Letter of Credit, must be delivered to the Paying Agent not less than forty-five (45) days prior to the date of expiration of the then existing Letter of Credit, must be effective as of a date on or prior to the date of expiration of the then existing Letter of Credit, and shall expire no earlier than the Letter of Credit which it replaces, but may be expressed to expire prior to the final maturity of the Series 2006 Bonds except when the Series 2006 Bonds are being converted to the Fixed Rate with a Letter of Credit.

(c) Each Alternate Letter of Credit shall be satisfactory in form and substance to the Paying Agent, and shall be in a stated amount at least equal to the sum of (1) the aggregate principal amount of Series 2006 Bonds at the time Outstanding, plus (2) required coverage for interest. Each Alternate Letter of Credit shall have a term of at least one year, beginning not later than the expiration date of the Letter of Credit then in effect, or, if less than one year, shall have a term ending not less than fifteen (15) days after the Maturity Date. If the Series 2006 Bonds will be in the Fixed Rate Period and a Letter of Credit is to be in effect, the term of the Alternate Letter of Credit shall have a term that extends at least fifteen (15) days after the Maturity Date.

(d) The Issuer shall give written notice of its intention to replace the existing Letter of Credit with an Alternate Letter of Credit to the Paying Agent and each Rating Agency maintaining a rating on the Series 2006 Bonds not less than forty-five (45) days prior to the expiration or termination date of the Letter of Credit then in effect. Upon receipt of such notice, the Paying Agent shall promptly mail a notice of the anticipated

delivery of the Alternate Letter of Credit by first-class mail to the Remarketing Agent and each bondowner. A draft of each Alternate Letter of Credit and the related Reimbursement Agreement and appropriate information concerning the issuer of such Alternate Letter of Credit shall be submitted by the Issuer to each Rating Agency maintaining a rating on the Series 2006 Bonds.

(e) The Issuer shall cause to be delivered to the Paying Agent not less than forty-five (45) days prior to the expiration or termination date of the existing Letter of Credit (1) the Alternate Letter of Credit or a commitment satisfactory to the Paying Agent by the Bank which will issue the Alternate Letter of Credit, and (2) written notice from each Rating Agency maintaining a rating on the Series 2006 Bonds stating whether the substitution of such Alternate Letter of Credit will result in a reduction or withdrawal of the rating then in effect on the Series 2006 Bonds.

(f) Notwithstanding the foregoing, during the Fixed Rate Period, an existing Letter of Credit may not be replaced with an Alternate Letter of Credit unless each Rating Agency maintaining a rating on the Series 2006 Bonds shall confirm in writing that substitution of such Alternate Letter of Credit will not result in a reduction or withdrawal of the ratings then in effect with respect to the Series 2006 Bonds.

(g) On or prior to the effective date of any Alternate Letter of Credit, the Issuer shall furnish to the Paying Agent (1) an Opinion of Counsel stating that delivery of such Alternate Letter of Credit to the Paying Agent is authorized under this Supplemental Resolution and complies with the terms hereof, (2) an Opinion of Counsel from counsel to the Bank issuing such Alternate Letter of Credit to the effect that the Alternate Letter of Credit is a valid and binding obligation of such issuer or provider, enforceable in accordance with its terms, subject to customary exceptions relating to bankruptcy, insolvency, creditor's rights and equitable relief, (3) an Opinion of Bond Counsel, which shall be addressed to the Issuer and the Paying Agent, stating that the delivery of such Alternate Letter of Credit to the Paying Agent does not adversely affect the exclusion, if any, from gross income of the interest on the Series 2006 Bonds for federal income tax purposes and will not cause the Series 2006 Bonds to be subject to registration or qualification under the Securities Act of 1933, as amended, (4) written evidence from each Rating Agency at the time providing a rating on the Series 2006 Bonds as to the new rating that will result from the substitution of the proposed Alternate Letter of Credit for the Letter of Credit, and (5) written confirmation from the Remarketing Agent that it has agreed to remarket the Series 2006 Bonds on and after the date of delivery of the Alternate Letter of Credit. The Issuer shall not rescind or terminate the Letter of Credit unless all conditions to providing an Alternate Letter of Credit have been satisfied.

**SECTION 25. DRAWS ON LETTER OF CREDIT.** Whenever a Letter of Credit is in effect, the Paying Agent shall draw amounts under the Letter of Credit in accordance with the terms and conditions set forth therein at the times, in the manner and for the purposes set forth in this Supplemental Resolution to the extent necessary to make

full and timely payment of the principal or purchase price of and interest on the Series 2006 Bonds in accordance with this Supplemental Resolution and the Series 2006 Bonds, except that the Paying Agent may not draw on the Letter of Credit to pay Series 2006 Bank Bonds or to pay Series 2006 Issuer Bonds. All amounts drawn under the Letter of Credit shall be held by the Paying Agent in the Letter of Credit Account in the Debt Service Fund or in the Bank Purchase Account in the Bond Purchase Fund, as applicable, and used only for the purposes set forth herein. In drawing on the Letter of Credit, the Paying Agent will be acting on behalf of the bondowners by facilitating payment of their Series 2006 Bonds and not on behalf of the Issuer and will not be subject to the control of the Issuer in that regard. In the event the Bank fails to honor a properly presented drawing upon the Letter of Credit, the Paying Agent shall provide notice thereof to the Issuer and the Issuer, which notice shall demand payment by the Issuer, of any and all amounts then due and payable with respect to the Series 2006 Bonds.

If the Letter of Credit is in effect, the Paying Agent, prior to 1:00 p.m., New York City time, on the Business Day next preceding each Interest Payment Date and each date on which principal is due and payable on the Series 2006 Bonds (whether at maturity or upon proceedings for redemption), and immediately upon the principal of premium, if any and the interest on the Series 2006 Bonds becoming immediately due and payable upon the occurrence of an Event of Default, shall draw on the Letter of Credit the full amount required for the purpose of paying the principal of and interest due and payable on the Series 2006 Bonds (other than Series 2006 Bank Bonds and Series 2006 Issuer Bonds) on each payment date or upon acceleration. Such drawing shall be made in a timely manner under the terms of the Letter of Credit in order that the Paying Agent may realize funds thereunder in sufficient time to pay bondowners on the payment date as provided herein. So long as the Letter of Credit is in force, the Paying Agent shall deposit all moneys received pursuant to each draw on the Letter of Credit with respect to payment of principal of and interest on the Series 2006 Bonds in the Letter of Credit Account in the Debt Service Fund and shall apply such moneys to the payment of the principal of and interest on or redemption price of Series 2006 Bonds as provided in Section 19.

Upon a date Series 2006 Bonds are to be purchased pursuant to a tender, the Paying Agent shall prior to 10:00 a.m., New York City time, draw under the Letter of Credit then held by the Paying Agent in accordance with its terms in a manner so that immediately available funds will be available to the Paying Agent by 1:30 p.m. New York City time, on such purchase date, in an amount sufficient, together with the remarketing proceeds of Series 2006 Bonds which the Remarketing Agent has delivered to the Paying Agent pursuant to Section 14, to enable the Paying Agent to pay the purchase price of such Series 2006 Bonds to be purchased on such purchase date, and the Paying Agent shall deposit those moneys directly into the Bank Purchase Account in the Bond Purchase Fund. In the absence of notices from the Remarketing Agent pursuant to Section 14, the Paying Agent shall draw under the Letter of Credit an amount sufficient

to enable the Paying Agent to pay the purchase price of all Series 2006 Bonds tendered for purchase on the purchase date.

In the event of a drawing under the Letter of Credit to pay the purchase price of Series 2006 Bonds upon a mandatory purchase date relating to the issuance and delivery of an Alternate Letter of Credit, the Paying Agent shall draw moneys under the Letter of Credit in effect on and prior to such mandatory purchase date and shall not draw upon the Alternate Letter of Credit that will become effective on or after such mandatory purchase date.

**SECTION 26. SURRENDER OF LETTER OF CREDIT.** If at any time an Alternate Letter of Credit is delivered to the Paying Agent, together with the other documents and opinions required by this Resolution, then the Paying Agent shall accept such Alternate Letter of Credit and promptly (but not sooner than the first Business Day after the effective date of the Alternate Letter of Credit) surrender the Letter of Credit previously in effect to the issuer thereof, in accordance with the terms thereof, for cancellation. If at any time there shall cease to be any Series 2006 Bonds Outstanding under this Resolution, if at any time the Series 2006 Bonds shall have been defeased pursuant to Section 9.01 of the Resolution, or if the Letter of Credit expires in accordance with the terms of such Letter of Credit, the Paying Agent shall promptly (but not sooner than the first Business Day after the occurrence of such event) surrender the Letter of Credit to the issuer thereof, in accordance with the terms thereof, for cancellation. The Paying Agent shall comply with the procedures set forth in the Letter of Credit relating to the termination thereof.

**SECTION 27. RIGHTS OF BANK.** If (a) an Event of Default shall occur and be continuing, or (b) the Paying Agent shall draw under the Letter of Credit to pay the redemption or purchase price of the Series 2006 Bonds in connection with the redemption or tender in whole or in part of the Series 2006 Bonds, and in either such case the Bank shall have provided the Paying Agent with funds pursuant to the Letter of Credit for the payment of the principal of and interest on such Series 2006 Bonds, then, and in such event, the Bank shall be subrogated to all rights theretofore possessed under this Supplemental Resolution and the Resolution by bondowners in respect of which such principal and interest shall have been paid with funds provided by the Bank and not fully reimbursed to the Bank. After the payment in full of any Series 2006 Bonds owned by the bondowners, any reference herein to the holders of such Series 2006 Bonds or to the bondowners shall mean the Bank to the extent of those subrogation rights resulting from the payments made pursuant to the Letter of Credit.

**SECTION 28. LIMITATION ON RIGHTS OF THE BANK.** Notwithstanding any provision of this Supplemental Resolution to the contrary, no consent of or notice to the Bank shall be required under any provision of this Supplemental Resolution nor shall the Bank have any right to consent to, direct or control



any actions, restrictions, rights, remedies, waivers or acceleration pursuant to any provision of this Supplemental Resolution during any time which:

(a) the Bank has wrongfully failed to honor a properly presented draw made under and in strict compliance with the terms of the Letter of Credit which failure has not been cured; or

(b) the Letter of Credit is not in effect and no amounts are due and payable by the Issuer to the Bank under the Reimbursement Agreement.

**SECTION 29. DEFAULT.** While a Letter of Credit is in effect, upon the occurrence of an Event of Default described in Section 7.01(A) of the Resolution, or upon receipt by the Paying Agent of written notice from the Bank that a Designated Event of Default under the Reimbursement Agreement (as defined therein) has occurred and is continuing and has not been waived by the Bank, then the entire unpaid principal of and premium, if any, and interest on the Series 2006 Bonds shall forthwith become immediately due and payable, and the Paying Agent shall immediately draw upon the Letter of Credit for the aggregate unpaid principal amount of the Series 2006 Bonds and all premiums, if any (but only to the extent permitted in the Letter of Credit) and interest accrued thereon which shall be applied immediately as set forth in Section 17, and to the extent that the Bank honors such draw, interest on the Series 2006 Bonds shall cease to accrue from and after the declaration of such acceleration.

**SECTION 30. CONTROL BY BANK.** Upon the occurrence of and during the continuation of an Event of Default, the Bank, if it shall not be in payment default under the Letter of Credit, shall be deemed to be the sole owner of the Series 2006 Bonds for purposes of (a) directing and controlling the enforcement of all rights and remedies with respect to the Series 2006 Bonds, including any waiver of an Event of Default and removal of any trustee, and (b) exercising any voting right or privilege or giving any consent or direction or taking any other action that the Holders of the Series 2006 Bonds are entitled to take pursuant to Article VII of the Resolution. No provision of this Supplemental Resolution or of the Resolution expressly recognizing or granting rights in or to the Bank shall be modified without the prior written consent of the Bank.

The Issuer shall provide the Bank immediate notice of Event of Default described in Section 7.01(A) of the Resolution and notice of any other Event of Default within 5 days after the occurrence thereof. The Bank is a third-party beneficiary to the Resolution and this Supplemental Resolution with respect to the Series 2006 Bonds.

**SECTION 31. SUPPLEMENTAL RESOLUTIONS.** Any Supplemental Resolution which is adopted in accordance with the provisions of Section 8.02 of the Resolution shall also require the written consent of the Bank for so long as the Letter of Credit shall be in effect.

**SECTION 32. AMENDMENT OF RESOLUTION WITH CONSENT OF BANK ONLY.** For purposes of amending the Resolution pursuant to Section 8.02 thereof, the Bank shall be considered the Holder of all of the Series 2006 Bonds provided that the Series 2006 Bonds, at the time of the adoption of the amendment, shall be rated by the Rating Agencies which shall have rated such Series 2006 Bonds at the time such Series 2006 Bonds were issued no lower than the ratings assigned thereto by the Rating Agencies on the date of such issuance. The consent of the Holders of the Series 2006 Bonds shall not be required if the Bank shall consent to the amendment as provided by this Section 32. At 15 days prior to adoption of any amendment made pursuant to this Section 32, notice of such amendment shall be delivered to the Rating Agencies rating the Series 2006 Bonds. Upon filing with the Secretary of evidence of such consent of the Bank, the Issuer may adopt such Supplemental Resolution. After the adoption by the Issuer of such Supplemental Resolution, notice thereof shall be mailed in the same manner as notices of an amendment under Section 8.02 of the Resolution.

**SECTION 33. THE REIMBURSEMENT AGREEMENT.** The Letter of Credit and Reimbursement Agreement, in substantially the form attached hereto as Exhibit C, with such changes, alterations and corrections thereto as may be approved by the Mayor and Clerk, such approval to be presumed by the execution thereof by the Mayor and Clerk, are hereby approved by the Issuer, and upon execution thereof by the Bank, the Issuer authorizes and directs the Mayor and Clerk to execute the Reimbursement Agreement and to deliver the Reimbursement Agreement to the Bank, all of the provisions of which, when executed and delivered by the Issuer as authorized herein shall be deemed to be a part of this Supplemental Resolution as fully and to the same extent as if incorporated herein verbatim. As permitted by Section 4.05 of the Resolution, all amounts due to the Bank under the Reimbursement Agreement shall be payable from and secured by the Pledged Funds on a parity with the Series 2006 Bonds.

**SECTION 34. THE PURCHASE CONTRACT.** The Purchase Contract, in substantially the form thereof attached hereto as Exhibit D with such changes, alterations and corrections thereto as may be approved by the Mayor, such approval to be presumed by the execution thereof by the Mayor, is hereby approved by the Issuer, and, upon execution thereof by the Underwriter, the Issuer authorizes and directs the Mayor to execute the Purchase Contract and to deliver the Purchase Contract to the Underwriter, all of the provisions of which, when executed and delivered by the Issuer as authorized herein shall be deemed to be a part of this Supplemental Resolution as fully and to the same extent as if incorporated herein verbatim. The Purchase Contract shall not be executed by the Mayor until such time as both of the following conditions have been satisfied:

(A) The Purchase Contract provides (i) that the aggregate principal amount of the Series 2006 Bonds does not exceed \$33,000,000, (ii) the underwriting discount (including management fee and expenses) is not in excess of 0.1700% of the par amount

of the Series 2006 Bonds, (iii) the interest rate on the Series 2006 Bonds shall not exceed the maximum rate permitted by law, and (iv) the final maturity of the Series 2006 Bonds is not later than October 1, 2035.

(B) Receipt by the Mayor of a disclosure statement and a truth-in-bonding statement of the Underwriter dated the date of the applicable Purchase Contract and complying with Section 218.385, Florida Statutes.

The Mayor may rely upon the Issuer's Financial Advisor for compliance with the conditions provided herein.

**SECTION 35. PRELIMINARY OFFICIAL STATEMENT.** The Issuer hereby authorizes the distribution and use of a Preliminary Official Statement for the Series 2006 Bonds, a draft form of which is attached hereto as Exhibit E, in connection with the offering of the Series 2006 Bonds for sale. If between the date hereof and the mailing of the Preliminary Official Statement, it is necessary to make insertions, modifications or changes in the Preliminary Official Statement, the County Administrator is hereby authorized to approve such insertions, changes and modifications.

**SECTION 36. OFFICIAL STATEMENT.** The form, terms and provisions of the final Official Statement relating to the Series 2006 Bonds shall be substantially as set forth in the Preliminary Official Statement and shall contain the specific terms of the Series 2006 Bonds as described in the Purchase Contract. Subject in all respects to the satisfaction of the conditions set forth in Section 34 hereof, the Mayor and County Administrator are hereby authorized and directed to execute and deliver the Official Statement in the name and on behalf of the Issuer, and thereupon to cause such Official Statement to be delivered to the Underwriter with such changes, amendments, modifications, omissions and additions as may be approved by the Mayor and County Administrator. The Official Statement, including any such changes, amendments, modifications, omissions and additions as approved by the Mayor and County Administrator and the information contained therein are hereby authorized to be used in connection with the sale of the Series 2006 Bonds to the public. Execution by the Mayor and County Administrator of an Official Statement shall be deemed to be conclusive evidence of approval of such changes.

**SECTION 37. INTEREST CAP DOCUMENTS.** The ISDA Master Agreement and related confirmation (the "Interest Cap Documents"), in substantially the form attached hereto as Exhibit F, with such changes, alterations and corrections thereto as may be approved by the Mayor, such approval to be presumed by the execution thereof by the Mayor, are hereby approved by the Issuer, and upon execution thereof by the Counterparty, the Issuer authorizes and directs the Mayor to execute the Interest Cap Documents and to deliver the Interest Cap Documents to the Counterparty, all of the provisions of which, when executed and delivered by the Issuer as authorized herein shall

be deemed to be a part of this Supplemental Resolution as fully and to the same extent as if incorporated herein verbatim.

**SECTION 38. GENERAL AUTHORITY.** The members of the Governing Body, the Clerk, the County Administrator and the officers, attorneys and other agents or employees of the Issuer are hereby authorized to do all acts and things required of them by this Supplemental Resolution, the Resolution, the Official Statement, the Reimbursement Agreement, the Remarketing Agreement, the Interest Cap Documents or the Purchase Contract or desirable or consistent with the requirements hereof or the Resolution, the Official Statement, the Reimbursement Agreement, the Remarketing Agreement, the Interest Cap Documents or the Purchase Contract for the full punctual and complete performance of all the terms, covenants and agreements contained herein or in the Series 2006 Bonds, the Resolution, this Supplemental Resolution, the Official Statement, the Reimbursement Agreement, the Remarketing Agreement, the Interest Cap Documents and the Purchase Contract and each member, employee, attorney and officer of the Issuer or the Governing Body, the Clerk and the Mayor is hereby authorized and directed to execute and deliver any and all papers and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated hereunder. If the Mayor is unavailable or unable at any time to perform any duties or functions hereunder, including, but not limited to, those described in Section 34 hereof, the Vice-Mayor is hereby authorized to act on his behalf.

**SECTION 39. SEVERABILITY AND INVALID PROVISIONS.** If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other provisions hereof or of the Series 2006 Bonds.

**SECTION 40. RESOLUTION TO CONTINUE IN FORCE.** Except as herein expressly provided, the Resolution and all the terms and provisions thereof are and shall remain in full force and effect.

**SECTION 41. EFFECTIVE DATE.** This Supplemental Resolution shall become effective immediately upon its adoption.

**ADOPTED** at a regular meeting of the Board of Directors on the 21<sup>st</sup> day of June, 2006.

**BOARD OF COUNTY COMMISSIONERS  
OF MONROE COUNTY, FLORIDA**

(SEAL)

By: \_\_\_\_\_  
Mayor/Chairperson

ATTEST:

\_\_\_\_\_  
Deputy Clerk

## EXHIBIT A

(FORM OF SERIES 2006 BONDS)

R-\_\_\_\_\_

\$

UNITED STATES OF AMERICA  
STATE OF FLORIDA  
MONROE COUNTY, FLORIDA AIRPORT  
VARIABLE RATE REVENUE BOND  
(KEY WEST INTERNATIONAL AIRPORT)  
SERIES 2006

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
----------------------	----------------------	-------------------	--------------

Variable  
(as provided herein)

Registered Owner: CEDE & CO.

Principal Amount:

Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Resolution described herein.

Monroe County, Florida ("the Issuer"), established pursuant to the laws of the State of Florida (the "State"), for value received, promises to pay, but solely from the sources herein specified to the registered owner named above, or registered assigns, the Principal Amount stated above on the Maturity Date stated above, except as the provisions herein set forth with respect to redemption prior to maturity may become applicable hereto, and in like manner to pay interest on said principal amount at the interest rate per annum determined as herein provided, initially at a Weekly Rate, from the Dated Date of this Series 2006 Bond stated above or from the most recent interest payment date to which interest has been paid or duly provided for, payable on each interest payment date as herein described, until said principal amount is paid.

**Method and Place of Payment.** The principal of, redemption premium, if any, and interest on this Series 2006 Bond shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. The principal of and redemption premium, if any, on this Series 2006 Bond shall be payable by check or draft to the registered owner at the maturity or redemption date upon presentation and surrender of this Series 2006 Bond at the principal corporate trust office or other designated payment office of (the

"Paying Agent"), or any successor Paying Agent thereto. The interest payable on this Series 2006 Bond on any Interest Payment Date shall be paid by the Paying Agent to the registered owner of this Series 2006 Bond appearing on the bond register maintained by the Paying Agent at the close of business on the Record Date for such interest, and shall be paid by (1) check or draft mailed to such registered owner at his address as it appears on such bond register or at such other address furnished in writing by such registered owner to the Paying Agent, or (2) with respect to Series 2006 Bonds accruing interest at a Weekly Rate, and with respect to Series 2006 Bonds accruing interest at the Fixed Rate if such Series 2006 Bonds are held by a Securities Depository, or at the written request addressed to the Paying Agent by any registered owner of Series 2006 Bonds in the aggregate principal amount of at least \$1,000,000, by electronic wire transfer in immediately available funds to the bank for credit to the ABA routing number and account number filed with the Paying Agent no later than five (5) Business Days before the applicable Record Date.

**THIS SERIES 2006 BOND IS NOT A DEPOSIT OR OBLIGATION OF, OR GUARANTEED BY, BANK OF AMERICA CORPORATION OR ANY OF ITS AFFILIATED BANKS (INCLUDING BANK OF AMERICA, N.A. (THE "BANK")), IS NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, AND IS SUBJECT TO INVESTMENT RISK, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED. ALTHOUGH NOT GUARANTEED BY THE BANK, PAYMENTS OF PRINCIPAL OF AND INTEREST ON THIS BOND (AND IF REMARKETING PROCEEDS ARE NOT AVAILABLE, THE PURCHASE PRICE OF THIS BOND) WILL BE MADE FROM DRAWINGS UNDER THE LETTER OF CREDIT ISSUED BY THE BANK. THE FAILURE OF THE BANK TO HONOR ANY DRAWING UNDER THE LETTER OF CREDIT WILL NOT GIVE RISE TO ANY CLAIMS OTHER THAN AGAINST THE BANK.**

**Authorization of Series 2006 Bonds.** This Series 2006 Bond is one of an authorized issue of Series 2006 Bonds in the aggregate principal amount of \$\_\_\_\_\_ (the "Series 2006 Bonds") of like date, tenor and effect, except as to maturity date, interest rate, registered holder, denomination and number, issued to finance the acquisition, construction and equipping of various capital improvements to the Key West International Airport, in and for the Issuer, under the authority of and in full compliance with the Constitution and laws of the State of Florida, particularly Chapter 125, Part I and Chapter 332, Florida Statutes, and other applicable provisions of law (collectively, the "Act"), and Resolution No. \_\_\_\_\_ of the Issuer, duly adopted by the Board of County Commissioners of the Issuer on June 21, 2006, as supplemented, particularly by Resolution No. \_\_\_\_\_ adopted June 21, 2006 (the "Resolution"), and is subject to all the terms and conditions of the Resolution.

This Bond and the interest hereon are payable solely from and secured by a lien upon and a pledge of (1) the Net Revenues (as defined in the Resolution) to be derived from the operation of the Airport (as defined in the Resolution), (2) Other Available Moneys (as defined in the Resolution), and (3) until applied in accordance with the provisions of the Resolution, all moneys, including investments thereof, in the funds and accounts established under the Resolution, except (A) moneys in the PFC Account, the PFC Capital Improvement Fund (to the extent not legally available to pay debt service on the Bonds) and the Rebate Fund, (B) moneys in any fund or account to the extent such moneys shall be required to pay the Operating and Maintenance Costs in accordance with the terms of the Resolution, and (C) moneys on deposit in a subaccount of the Reserve Account established by the Resolution to the extent such moneys shall be pledged solely for the payment of the Series of Bonds for which it was established in accordance with the provisions of the Resolution (collectively, the "Pledged Funds"), subject in each case to the application thereof for the purposes and on the conditions permitted by the Resolution. It is expressly agreed by the Registered Holder of this Bond that the full faith and credit of the Issuer are not pledged to the payment of the principal of, premium, if any, and interest on this Bond and that such Holder shall never have the right to require or compel the exercise of the taxing power of the Issuer to the payment of such principal, premium, if any, and interest. This Bond and the obligation evidenced hereby shall not constitute a lien upon the Airport or any other property of the Issuer, but shall constitute a lien only on, and shall be payable solely from, the Pledged Funds in accordance with the terms of the Resolution. Obligations may be issued by the Issuer from time to time on parity with the Bonds pursuant to the terms of the Resolution.

**Interest Rate Provisions.** The Series 2006 Bonds shall bear interest at Weekly Rates or the Fixed Rate, determined as provided in the Resolution, from their date or from the most recent Interest Payment Date to which interest has been paid or duly provided for; provided that in no event will the interest rate on any Series 2006 Bonds exceed the Maximum Rate. The Series 2006 Bonds may operate at any time in any one type of rate period, provided that all Series 2006 Bonds shall operate in the same type of rate period at any given time. All Series 2006 Bonds shall accrue interest at a Weekly Rate on the date of original issuance and thereafter unless and until the rate period for the Series 2006 Bonds is converted to the Fixed Rate pursuant to the Resolution. Interest shall be payable in arrears on each Interest Payment Date, commencing on the first Interest Payment Date after the date of original issuance of the Series 2006 Bonds.

The amount of interest payable with respect to any Series 2006 Bonds on any Interest Payment Date shall be computed (1) during Weekly Rate Periods, on the basis of a 365- or 366-day year for the number of days actually elapsed, based on the calendar year in which the Weekly Rate Period commences, and (2) during the Fixed Rate Period, on the basis of a 360-day year of twelve (12) 30-day months.



Subject to the further provisions of the Resolution, the interest rate for each rate period shall be determined by the Remarketing Agent in accordance with the provisions of the Resolution as the lowest rate of interest which, in the judgment of the Remarketing Agent, would cause the Series 2006 Bonds to have a market value as of the date of determination equal to the principal amount thereof, plus accrued interest, taking into account prevailing market conditions.

Each interest rate in effect for Series 2006 Bonds shall be available to owners on the date such interest rate is determined, from the Remarketing Agent or the Paying Agent at their principal offices.

**Redemption of Series 2006 Bonds Prior to Maturity.** The Series 2006 Bonds are subject to redemption prior to their stated maturity, in accordance with the terms and provisions of the Resolution, as follows:

**Optional Redemption.** Series 2006 Bonds that bear interest at Weekly Rates are subject to redemption and payment prior to maturity, at the option of the Issuer, in whole or in part, in authorized denominations, on any date, at a redemption price equal to one hundred percent (100%) of the principal amount redeemed, plus interest accrued to the redemption date. In the event of optional redemption, the mandatory sinking fund redemption described below shall be modified to reflect a pro-rata reduction in such sinking fund installments (in authorized denominations) unless the General Manager shall designate otherwise.

Series 2006 Bonds that bear interest at the Fixed Rate also are subject to redemption and payment prior to maturity in whole or in part on any day in authorized denominations, at the option of the Issuer, in accordance with an optional redemption schedule, including redemption dates and prices, set forth in or established pursuant to the terms of the Resolution, plus interest accrued to the redemption date.

**Mandatory Sinking Fund Redemption.** The Series 2006 Bonds maturing in the year \_\_\_\_ shall be subject to mandatory redemption and payment prior to maturity on \_\_\_\_\_ in each year, at 100% of the principal amount thereof, plus accrued interest to the redemption date, without premium, in accordance with the following mandatory sinking fund schedule:

<u>Year</u>	<u>Amount</u>
-------------	---------------

The Paying Agent shall make timely selection of such Series 2006 Bonds or portions thereof to be so redeemed in authorized denominations of principal amount in such equitable manner as the Paying Agent may determine and shall give notice thereof without further instructions from the Issuer. At the option of the Issuer, to be exercised

on or before the 45<sup>th</sup> day next preceding each mandatory redemption date, the Issuer may: (1) deliver Series 2006 Bonds to the Paying Agent for cancellation; or (2) elect to receive a credit in respect to the mandatory redemption obligation under this subsection for any Series 2006 Bonds which prior to such date have been paid (other than through the operation of the requirements of this subsection) and cancelled by the Paying Agent and not theretofore applied as a credit against any redemption obligation under this subsection. Each Series 2006 Bond of a maturity so delivered or previously purchased or redeemed shall be credited at 100% of the principal amount thereof on the obligation to redeem Series 2006 Bonds of such maturity on the next mandatory redemption date applicable to Series 2006 Bonds of such maturity that is at least 45 days after receipt by the Paying Agent of such instructions from the Issuer, and any excess of such amount shall be credited on future mandatory redemption obligations for Series 2006 Bonds of such maturity in chronological order or such other order as the Issuer may designate, and the principal amount of Series 2006 Bonds of such maturity to be redeemed on such future mandatory redemption dates by operation of the requirements of this subsection shall be reduced accordingly. If the Issuer intends to exercise any option granted by the provisions of clauses (1) or (2) of this subsection, the Issuer will, on or before the 45<sup>th</sup> day next preceding the applicable mandatory redemption date, furnish the Paying Agent a written certificate indicating to what extent the provisions of said clauses (1) or (2) are to be complied with in respect to such mandatory redemption payment.

**Mandatory Redemption Upon Demand by Bank.** The Series 2006 Bonds are subject to mandatory redemption at a redemption price equal to one hundred percent (100%) of the principal amount thereof, plus accrued interest to the redemption date in whole or in part, without premium, at the earliest date for which notice of redemption can be given upon receipt by the Paying Agent of written notice from the Bank requesting such redemption, specifying the principal amount of the Series 2006 Bonds to be redeemed (if less than all of the Series 2006 Bonds Outstanding are to be redeemed) and stating that (1) a "Designated Event of Default" under and as defined in the Reimbursement Agreement has occurred and is continuing, or (2) the Bank holds as the registered or beneficial owner Series 2006 Bonds purchased by the Bank in accordance with the Resolution and not remarketed; provided, however, only Series 2006 Bonds so held by the Bank shall be subject to mandatory redemption pursuant to clause (2).

**Purchase in Lieu of Redemption.** When Series 2006 Bonds are subject to redemption pursuant to the provisions of the preceding paragraph captioned "Mandatory Redemption Upon Demand by Bank," Series 2006 Bonds paid by the Issuer or paid from a draw or claim under the Letter of Credit or otherwise paid by or on behalf of the Bank shall be purchased in lieu of redemption on the applicable redemption date at a purchase price equal to the principal amount thereof, plus accrued interest thereon to but not including the date of such purchase, if the Paying Agent has received a written request on or before the Business Day prior to the purchase date from the Issuer or the Bank, as the

case may be, specifying that the moneys provided or to be provided by such party shall be used to purchase Series 2006 Bonds in lieu of redemption.

**Notice of Redemption.** Unless waived by any owner of Series 2006 Bonds to be redeemed, official notice of any such redemption shall be given by the Paying Agent on behalf of the Issuer by mailing a copy of an official redemption notice by first class mail, at least thirty (30) days (fifteen (15) days in the case of a redemption upon the demand of the Bank) prior to the redemption date, to the Issuer and to each registered owner of the Series 2006 Bonds to be redeemed at the address shown on the bond register or at such other address as is furnished in writing by such registered owner to the Paying Agent. The failure of any owner of Series 2006 Bonds to receive notice given as provided in this paragraph, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Series 2006 Bonds. Any notice mailed as provided herein shall be conclusively presumed to have been duly given and shall become effective upon mailing, whether or not any owner receives such notice.

So long as the Securities Depository is effecting book-entry transfers of the Series 2006 Bonds, the Paying Agent shall provide the notices specified herein to the Securities Depository. It is expected that the Securities Depository shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the beneficial owners. Any failure on the part of the Securities Depository or a Participant, or failure on the part of a nominee of a beneficial owner of a Series 2006 Bond (having been mailed notice from the Paying Agent, the Securities Depository, a Participant or otherwise) to notify the beneficial owner of the Series 2006 Bond so affected, shall not affect the validity of the redemption of such Series 2006 Bond.

**Optional Tenders for Purchase.** Series 2006 Bonds (except Series 2006 Bank Bonds and Series 2006 Issuer Bonds) may be tendered for purchase, at the option of the owners thereof, at a purchase price equal to one hundred percent (100%) of the principal amount of such Series 2006 Bonds (or portions in authorized denominations) plus accrued interest, if any, to the purchase date, as follows:

(a) *Optional Purchase Dates.* The owners of Series 2006 Bonds (or the beneficial owners of Series 2006 Bonds held in a Book-Entry System through its direct Participant) accruing interest at Weekly Rates may elect to have their Series 2006 Bonds or beneficial interests (or portions thereof in minimum authorized denominations) purchased on any Business Day upon Electronic Notice of tender given to the Paying Agent not later than 3:00 p.m., New York City time, on a Business Day at least seven (7) days prior to the purchase date.

(b) *Bondowner Notice of Optional Tender.* Each notice of tender:

(1) shall be delivered by the bondowner (or, if the Series 2006 Bonds are held under the Book-Entry System, by the beneficial owner

through its Participant in the Securities Depository) to the Paying Agent and the Remarketing Agent at their notice addresses (as provided in the Resolution) and shall be in form satisfactory to the Paying Agent;

(2) shall state (A) the principal amount of Series 2006 Bonds or beneficial interest (or portion thereof in authorized denominations) to be tendered, (B) that the owner irrevocably demands purchase of such Series 2006 Bonds or beneficial interest (or portion thereof in authorized denominations) to be tendered (or a specified portion thereof), (C) the date on which such Series 2006 Bonds or beneficial interest (or portion thereof in authorized denominations) to be tendered (or portion thereof) is to be purchased, and (D) the identity of the Participant through which the beneficial owner maintains its interest and payment instructions with respect to the purchase price; and

(3) shall automatically constitute (A) an irrevocable offer to sell the Series 2006 Bonds (or portion thereof) to which the notice relates on the purchase date at the purchase price, (B) an irrevocable authorization and instruction to the Paying Agent to effect transfer of such Series 2006 Bonds (or portion thereof) upon payment of the purchase price to the Paying Agent on the purchase date, (C) an agreement of such owner (or beneficial owner through its participation in the Securities Depository) to make arrangements to deliver and transfer such Series 2006 Bonds or beneficial interest being tendered, with all necessary endorsements for transfer and signature guarantees, by delivery to the Paying Agent at its designated payment office not later than 11:00 a.m., New York City time, on the purchase date, or by causing its direct Participant to transfer its interest in the Series 2006 Bonds equal to such beneficial owner's interest on the records of the Securities Depository to the participant account of the Paying Agent or its agent with the Securities Depository, and (D) an acknowledgment that such owner will have no further rights with respect to such Series 2006 Bonds (or portion thereof) upon payment of the purchase price thereof to the Paying Agent on the purchase date, except for the right of such owner to receive such purchase price upon delivery of such Series 2006 Bonds to the Paying Agent, and that after the purchase date such owner will hold any undelivered bond certificate as agent for the Paying Agent.

The determination of the Paying Agent as to whether a notice of tender has been properly delivered pursuant to the foregoing shall be conclusive and binding upon the owner.

While the Book-Entry System is in effect, on the same date as delivery of the notice described above, a beneficial owner shall also require

its Participate in the Securities Depository to deliver to the Securities Depository a notice irrevocably instructing it to transfer on the registration books of the Securities Depository the beneficial ownership interests in the Series 2006 Bond being tendered to the account of the Paying Agent, for settlement on the purchase date as described in clause (3) above on a "free delivery" basis, with a copy of such notice delivered to the Paying Agent on the same date.

(c) *Notice by Paying Agent.* Not later than 4:00 p.m., New York City time, on first Business Day following the date of receipt of any notice of tender, the Paying Agent shall notify, by Electronic Notice, the Remarketing Agent, the Bank and the Issuer of receipt of such tender notice, the principal amount of Series 2006 Bonds or beneficial interest (or portions thereof) to be purchased and the purchase date.

**Mandatory Tenders for Purchase.** Series 2006 Bonds bearing interest at Weekly Rates are subject to mandatory tender for purchase at a purchase price equal to one hundred percent (100%) of the principal amount of such Series 2006 Bonds, plus accrued interest, if any, to the purchase date, as follows:

(a) *Mandatory Tender of Weekly Rate Series 2006 Bonds.* Series 2006 Bonds accruing interest at a Weekly Rate are subject to mandatory tender for purchase on any Interest Payment Date applicable to such Series 2006 Bond upon written demand of the Issuer with prior written consent of the Bank.

(b) *Mandatory Tender Upon Conversions between Rate Periods.* Series 2006 Bonds to be converted from the Weekly Rate to the Fixed Rate are subject to mandatory tender for purchase on the Conversion Date.

(c) *Mandatory Tender Upon Expiration or Termination of the Letter of Credit.* The Series 2006 Bonds will be subject to mandatory tender for purchase on the fifth Business Day prior to the expiration or termination of the Letter of Credit if the Paying Agent has not received evidence satisfactory to it by the forty-fifth day preceding the scheduled expiration or termination date of an extension of the then existing Letter of Credit.

(d) *Mandatory Tender Upon Substitution of Alternate Letter of Credit.* The Series 2006 Bonds will be subject to mandatory tender for purchase on the date of substitution of an Alternate Letter of Credit for the then existing Letter of Credit. If a purchase of Series 2006 Bonds is effected pursuant to this subsection, the existing Letter of Credit, if necessary, will be used to provide funds for such purchase, rather than the Alternate Letter of Credit.

(e) *Notice by Paying Agent of Mandatory Tender.* At any time the Series 2006 Bonds are subject to mandatory tender as provided above, the Paying Agent shall give notice of such mandatory tender for purchase to the owners of Series 2006 Bonds, the Issuer, the Bank, the Remarketing Agent, principal bond depositories, information services and each Rating Agency maintaining a rating on the Series 2006 Bonds, not less than fifteen (15) days before the mandatory tender date. If the Series 2006 Bonds are in certificated form, such notice shall include information with respect to required delivery of bond certificates and payment of the purchase price. The Paying Agent will at the same time give a copy of the notice to the Issuer, the Bank, the Remarketing Agent, principal bond depositories, information services and the rating services maintaining a rating on the Series 2006 Bonds. The notice will state (1) the purchase date, (2) the purchase price, (3) if a Book-Entry System is not in effect, that the Series 2006 Bonds subject to mandatory tender must be surrendered to collect the purchase price, (4) if a Book-Entry System is not in effect, the address at which the Series 2006 Bonds must be surrendered, and (5) that interest on the Series 2006 Bonds purchased ceases to accrue on the purchase date. In addition, if a Letter of Credit is expiring, the notice will state the expiration date and that the expiration might result in a reduction or withdrawal of any rating of the Series 2006 Bonds.

Failure to give any required notice of mandatory tender as to any particular Series 2006 Bonds will not affect the validity of the purchase of any Series 2006 Bonds in respect of which no such failure has occurred. Any notice mailed as provided in this Resolution will be conclusively presumed to have been given whether or not actually received by any bondowner.

**Limitations on Tenders.** Owners or beneficial owners of Series 2006 Bonds shall not have the right or be required, as the case may be, to tender any Series 2006 Bond for purchase on an optional tender date or a mandatory tender date if on such date a Letter of Credit is in effect and, following the occurrence of an Event of Default, if the principal of, premium, if any, and interest on the Series 2006 Bonds shall become immediately due and payable pursuant to the Resolution.

Owners or beneficial owners of Series 2006 Bonds called for redemption or mandatory repurchase shall not have the right (without the prior consent of the Remarketing Agent) to tender such Series 2006 Bonds for purchase on an optional tender date if such optional tender date will occur on or after the tenth day prior to the date fixed for redemption or mandatory repurchase. Notwithstanding the foregoing, owners or beneficial owners of Series 2006 Bonds called for redemption shall not have the right in any event to tender such Series 2006 Bonds for purchase on an optional tender date if such optional tender date will occur on or after the second day prior to the date fixed for redemption.

**Book-Entry System.** The Series 2006 Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Resolution. One Series 2006 Bond certificate with respect to each date on which the Series 2006 Bonds are stated to mature or with respect to each form of Series 2006 Bonds, registered in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody. The book-entry system will evidence positions held in the Series 2006 Bonds by the Securities Depository's Participants, beneficial ownership of the Series 2006 Bonds in authorized denominations being evidenced in the records of such Participants. Transfers of ownership shall be effected on the records of the Securities Depository and its Participants pursuant to rules and procedures established by the Securities Depository and its Participants. The Issuer and the Paying Agent will recognize the Securities Depository nominee, while the registered owner of this Series 2006 Bond, as the owner of this Series 2006 Bond for all purposes, including (i) payments of principal of, and redemption premium, if any, and interest on, this Series 2006 Bond, (ii) notices and (iii) voting. Transfer of principal, redemption premium, if any, and interest payments to participants of the Securities Depository, and transfer of principal, redemption premium, if any, and interest payments to beneficial owners of the Series 2006 Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The Issuer and the Paying Agent will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its participants or persons acting through such participants. While the Securities Depository nominee is the owner of this Bond, notwithstanding the provisions hereinabove contained, payments of principal of, redemption premium, if any, and interest on this Series 2006 Bond shall be made in accordance with existing arrangements among the Issuer, the Paying Agent and the Securities Depository.

**Transfer and Exchange.** This Series 2006 Bond is transferable in accordance with the terms of the Resolution only upon the books of the Issuer kept for that purpose at the designated corporate trust office of the Paying Agent in its capacity as Registrar, by the Registered Owner hereof in person or by his attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or his attorney duly authorized in writing, and thereupon a new Series 2006 Bond or Series 2006 Bonds in the same aggregate principal amount shall be issued to the transferee in exchange therefor, and upon the payment of the charges, if any, therein prescribed. The Series 2006 Bonds are issuable in the form of fully registered Series 2006 Bonds in the denomination of \$100,000 and any integral multiple of \$5,000 in excess thereof, not exceeding the aggregate principal amount of the Series 2006 Bonds. The Issuer and the Paying Agent may treat the Registered Owner of this Series 2006 Bond as the absolute owner hereof for all purposes, whether or not this Series 2006 Bond shall be overdue, and shall not be affected by any notice to the contrary.

**Authentication.** This Series 2006 Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon shall have been executed by the Paying Agent.

**Negotiable Instruments.** This Series 2006 Bond is and has all the qualities and incidents of a negotiable instrument under the law merchant act and the Uniform Commercial Code – Investment Securities Law of the State of Florida.

**No Personal Liability.** Neither the member of the Board of Directors of the Issuer nor any person executed this Series 2006 Bond shall be liable personally hereon or be subject to any personal liability or accountability by reason of the issuance hereof.

**IT IS HEREBY CERTIFIED AND DECLARED** that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Resolution and the issuance of this Series 2006 Bond do exist, have happened and have been performed in due time, form and manner as required by law.

**IN WITNESS WHEREOF,** Tampa Bay Water, A Regional Water Supply Authority, has issued this Bond and has caused the same to be executed by the manual or facsimile signature of the Mayor, and by the manual or facsimile signature of the Clerk, and its seal or a facsimile thereof to be affixed or reproduced hereon, all as of the Date of Original Issue.

**MONROE COUNTY, FLORIDA**

(SEAL)

---

Mayor

---

Clerk



## **CERTIFICATE OF AUTHENTICATION**

This Bond is one of the Series 2006 Bonds of the issue described in the within-mentioned Resolution.

DATE OF AUTHENTICATION:

---

**U.S. BANK NATIONAL ASSOCIATION,  
Registrar**

---

Authorized Signatory

## LETTER OF CREDIT

The Series 2006 Bonds are secured by an irrevocable direct-pay letter of credit (the "Letter of Credit") of Bank of America, N.A. (the "Bank"), a national banking association, issued and delivered to the Paying Agent, which Letter of Credit will expire (unless earlier terminated or extended in accordance with its terms) at the close of the Bank's business on \_\_\_\_\_, \_\_\_\_\_. The Letter of Credit entitles the Paying Agent to draw an amount sufficient to pay the principal of the Series 2006 Bonds and up to thirty-five (35) days' interest accrued on the Series 2006 Bonds at a maximum rate per annum of twelve percent (12%). On its expiration, whether or not the Issuer has provided another letter of credit meeting the requirements of the Resolution, the Series 2006 Bonds will be subject to mandatory tender for purchase. The Paying Agent shall draw moneys under the Letter of Credit in accordance with the terms thereof to pay that portion of the principal of and interest on the Series 2006 Bonds which is then due at the stated maturity thereof or upon acceleration and to pay the purchase price of Series 2006 Bonds that have been tendered for purchase and for which remarketing proceeds are not available for such payment.

Unless this certificate is presented by an authorized representative of The Depository Trust Company to the County or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by the authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

## ASSIGNMENT

**FOR VALUE RECEIVED**, the undersigned sells, assigns and transfers unto

---

Insert Social Security or Other Identifying Number of Assignee

---

(Name and Address of Assignee)

---

the within Bond and does hereby irrevocably constitute and appoint, as attorneys to register the transfer of the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature guaranteed:

---

**NOTICE:** Signature must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

---

**NOTICE:** The signature to this assignment must correspond with the name of the Registered Holder as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever and the Social Security or other identifying number of such assignee must be supplied.

**EXHIBIT B**  
**REMARKETING AGREEMENT**

## REMARKETING AGREEMENT

This **REMARKETING AGREEMENT**, dated as of \_\_\_\_\_ 1, 2006, between Monroe County, Florida, a political subdivision of the State of Florida (the "County"), and UBS SECURITIES LLC, as remarketing agent (the "Remarketing Agent");

### WITNESSETH:

**WHEREAS**, the County has requested that the Remarketing Agent act as remarketing agent in connection with the offering and sale from time to time in the secondary market of \$\_\_\_\_\_ original aggregate principal amount of its Airport Variable Rate Revenue Bonds (Key West International Airport), Series 2006 (the "Bonds"), which are being issued and will be secured under and pursuant to Resolution No. \_\_\_\_\_ (the "Bond Resolution") adopted by the Board of County Commissioners of the County (the "Board") on \_\_\_\_\_, 2006, as supplemented by Resolution No. \_\_\_\_\_ adopted by the Board on \_\_\_\_\_, 2006 ("Series Resolution" and, collectively with the Bond Resolution, the "Resolution"); and

All capitalized terms used but not defined herein shall have the meanings ascribed to them in the Resolution.

#### **1. Appointment of Remarketing Agent; Responsibilities of Remarketing Agent.**

(a) Subject to the terms and conditions herein contained, the County has appointed the Remarketing Agent as exclusive remarketing agent in connection with the offering and sale of the Bonds from time to time in the secondary market subsequent to the initial offering, issuance and sale of the Bonds, and the Remarketing Agent hereby accepts such appointment.

(b) In its capacity as Remarketing Agent, upon notice (A) from the Paying Agent that it has received notice from a holder of Bonds pursuant to Section 12 of the Series Resolution, or (B) of a mandatory tender for purchase pursuant to Section 13 of the Series Resolution, in each case given pursuant to and in accordance with the Series Resolution, the Remarketing Agent shall exercise its best efforts to remarket any Bonds which are the subject of any such notice at a price of not less than 100 percent of the principal amount thereof plus accrued interest, subject, in all respects, to the terms and conditions of the Series Resolution and Section 7 hereof. By no later than [10:30 a.m.], New York City time, day which the Bonds are subject to purchase pursuant to Sections 12 and 13 of the Series Resolution (a date on which Bonds are subject to purchase is hereafter referred to as a "Purchase Date"), the Remarketing Agent shall notify the Paying Agent, by electronic notice, specifying the principal amount of Bonds for which it has received indications of interest from prospective purchasers and such other information as required pursuant to Section 14 of the Series Resolution. The Remarketing Agent shall cause the aggregate purchase price therefor to be delivered to the Paying Agent in immediately available funds by 10:30 a.m., New York City time, on the Purchase Date with respect to Bonds to be purchased pursuant to Sections 12 and 13 of the Series Resolution.

(c) Bonds which are subject to purchase pursuant to clauses (A) and (B) of Section 1 (b) above and which are not remarketed shall be registered in the name of the Bank pursuant to the terms of the Series Resolution. The Remarketing Agent shall exercise on an ongoing basis its best

efforts to remarket such Bonds at a price of not less than 100 percent of the principal amount thereof plus accrued interest, if any, to the date of purchase. In the event any such Bonds are remarketed, the Remarketing Agent, against receipt of Bonds registered as requested by the Remarketing Agent, shall cause the aggregate purchase price therefor to be delivered to the Paying Agent in immediately available funds by [9:30 a.m.], New York City time, on the Purchase Date.

## **2. The Bonds.**

As more fully described in the Series Resolution, the Bonds will be issuable, subject to the terms and conditions of the Resolution, in the form of fully registered Bonds in the denominations of (a) \$100,000 each or any integral multiple of \$5,000 in excess of \$100,000 during a Weekly Rate Period and (b) \$5,000 each or any integral multiple thereof during a Fixed Rate Period.

## **3. Furnishing of Offering Materials.**

(a) The County agrees to furnish, or cause to be furnished, the Remarketing Agent with as many copies as the Remarketing Agent may reasonably request of the Official Statement, dated \_\_\_\_\_, 2006 (the "Official Statement"), as the same may be supplemented or amended from time to time, and such other information with respect to the County, the Paying Agent, the Letter of Credit, the Bank, any other Credit Bank or other Credit Facility and the Bonds as the Remarketing Agent shall reasonably request from time to time.

(b) If, at any time during the term of this Remarketing Agreement, any event or condition known to the County, or affecting the Airport, the Bonds, the Resolution or the documents or transactions contemplated thereby, shall occur which in the reasonable judgment of the County, might affect the correctness or completeness of any statement of a material fact contained in the Official Statement, as it shall have been supplemented or amended with the information furnished from time to time pursuant to this Section, or which in the reasonable judgment of the County might result in the Official Statement, as so supplemented or amended, containing any untrue, incorrect or misleading statement of material fact or omitting to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading, (A) the County will promptly notify the Remarketing Agent of the circumstances and details of such event, (B) if, in the opinion of the Remarketing Agent or the County, such event or condition requires the preparation and publication of an amendment or supplement to the Official Statement, the County, at its expense, will promptly prepare or cause to be prepared an appropriate amendment or supplement thereto in a form and manner approved by the Remarketing Agent and the County, so that the statements in the Official Statement as so amended or supplemented will not contain any untrue, incorrect or misleading statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading, and (C) the County shall take all necessary action to approve such supplemental amendment.

(c) In connection with the remarketing of the Bonds as a result of, or in anticipation of, the establishment of a Fixed Rate Period, the County shall prepare, at its sole expense, any disclosure documents that in the reasonable opinion of the Remarketing Agent or the County are necessary or desirable, and the County shall comply with the requirements of Securities and Exchange Commission Rule 15c2-12(b)(5). Such disclosure documents shall be in form and

substance acceptable to the Remarketing Agent and its counsel. The County and the Remarketing Agent agree to cooperate fully in the preparation of any such disclosure documents.

**4. [Reserved.]**

**5. Representations, Warranties, Covenants and Agreements of the County.**

The County represents, warrants, covenants and agrees that:

(a) The Official Statement is true and correct in all material respects and does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The County authorizes the Official Statement to be used by the Remarketing Agent in connection with the offering and sale from time to time of the Bonds in the secondary market.

(b) The execution, delivery, receipt and due performance of this Remarketing Agreement and any and all such other agreements and documents as may be required to be executed, delivered and received by the County in order to carry out, effectuate and consummate the issuance and sale of the Bonds have been duly authorized. When executed and delivered by the County, this Remarketing Agreement will constitute the legal, valid and binding obligations of the County enforceable in accordance with its terms (subject to usual equity principles and to any applicable bankruptcy, insolvency, moratorium, reorganization or other laws from time to time in effect affecting the enforcement of creditors' rights generally).

(c) The execution and delivery by the County, this Remarketing Agreement and the other agreements and documents contemplated thereby and by the Official Statement, and compliance with the provisions thereof will not violate or conflict with, or result in a breach or violation of, or default under, any constitutional provision or statute or any indenture, mortgage, deed of trust, lease, resolution, note agreement or other agreement or instrument to which the County is a party or by which the County is bound, or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the County or any of its activities or properties.

(d) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, other than as described in the Official Statement, pending or threatened against or affecting the County, nor to the best of the knowledge of the County is there any meritorious basis therefor, wherein an unfavorable decision, ruling or finding would have a material adverse affect on the validity or enforceability of this Remarketing Agreement, or any agreement or instrument to which the County is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or by the Official Statement.

(e) All consents, approvals, authorizations and orders of governmental or regulatory authorities required to be obtained by the County in connection with the execution and delivery of this Remarketing Agreement, and the consummation of the transactions contemplated by the and this Remarketing Agreement have been obtained and remain in full force and effect.

(f) The County will diligently cooperate with the Remarketing Agent to qualify the Bonds for offer and sale under the securities or "Blue Sky" laws of such states as the Remarketing Agent may request; provided that in no event shall the County be obligated to qualify to do business in any state where it is not now so qualified or to take any action which would subject it to general service of process in any state where it is not now so subject. It is understood that the County is not responsible for compliance with or the consequences of failure to comply with such securities or "Blue Sky" laws.

**6. Representations, Warranties, Covenants and Agreements of the Remarketing Agent.**

The Remarketing Agent represents, warrants, covenants and agrees as follows:

(a) The Remarketing Agent has been duly incorporated and is validly existing and in good standing under the laws of its respective state of incorporation;

(b) The Remarketing Agent has full power and authority to take all action required to be taken by it by or under, and to perform and observe, the covenants and agreements on its part contained in this Remarketing Agreement and the Series Resolution;

(c) The Remarketing Agent has, on or before the date hereof, duly taken all action necessary to be taken by it prior to such date to authorize the execution, delivery and performance of this Remarketing Agreement and the carrying out, giving effect to, consummation and performance of the transactions and obligations contemplated hereby and by the Series Resolution;

(d) This Remarketing Agreement when executed and delivered by the parties hereto will constitute a valid and binding obligation of the Remarketing Agent enforceable against the Remarketing Agent in accordance with its terms, except as the enforcement hereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws, judicial decisions or principles of equity relating to or affecting the enforcement of creditors' rights or contractual obligations generally; and

(e) The execution and delivery of this Remarketing Agreement, the compliance with the terms, conditions or provisions hereof and of the Series Resolution, and the consummation of the transactions herein and in the Series Resolution, contemplated do not, upon the date of execution and delivery thereof, and will not violate any presently existing law, regulation, order, writ, injunction or decree of any court or governmental instrumentality applicable to the Remarketing Agent.

**7. Conditions To Remarketing Agent's Obligations.**

The obligations of the Remarketing Agent under this Remarketing Agreement have been undertaken in reliance on, and shall be subject to, the due performance by the County of the obligations and agreements to be performed by the County hereunder, on and as of the date of delivery of this Remarketing Agreement and on and as of each date on which Bonds are to be offered and sold in the secondary market pursuant to this Remarketing Agreement. The obligations of the Remarketing Agent hereunder with respect to each date on which Bonds are to be offered and



sold in the secondary market pursuant to this Remarketing Agreement are also subject, in the discretion of the Remarketing Agent, to the following further conditions:

(a) The Resolution shall be in full force and effect and shall not have been amended, modified or supplemented in any way which would materially and adversely affect the Bonds, except as may have been agreed to in writing by the Remarketing Agent, and there shall be in full force and effect such additional resolutions, agreements, certificates and opinions as shall be necessary to effect the transactions contemplated hereby, which resolutions, agreements, certificates and opinions shall be reasonably required by, and satisfactory in form and substance to, Bond Counsel and counsel to the Remarketing Agent; and

(b) There shall be no material adverse change in the properties or condition (financial or otherwise) of the County or the Airport since the date of the Official Statement relating to the Bonds being offered and sold on such date, as such Official Statement may be amended or supplemented; no "Event of Default" (as defined in the Reimbursement Agreement) shall have occurred and be continuing and no event shall have occurred and be continuing which, with the passage of time or giving of notice or both, would constitute such an Event of Default.

#### **8. Term and Termination of Remarketing Agreement.**

(a) This Remarketing Agreement shall become effective upon execution by the Remarketing Agent and the County, and shall continue in full force and effect with respect to the Bonds to and including the earlier of (i) the establishment of a Fixed Rate Period extending to the final maturity of the Bonds and the remarketing of all Bonds in connection therewith and (ii) the date on which payment in full of the Bonds shall have been made or provided for in accordance with the Resolution, subject to the right of the Remarketing Agent to cancel this Remarketing Agreement at any time upon the giving of not less than 30 days' prior written notice to the County, the Paying Agent, the Credit Facility Issuer and all rating agencies then providing ratings for the Bonds. The Remarketing Agent may be removed at any time by the County, if the Remarketing Agent is in default under this Remarketing Agreement, by written notice given by an Authorized Officer of the County and delivered to the Remarketing Agent, the Paying Agent, and the Registrar, and upon such removal this Remarketing Agreement shall terminate with respect to the Remarketing Agent so removed. In all other cases, the Remarketing Agent may be removed as provided in the Series Resolution.

(b) In addition to the provisions of paragraph (a) of this Section, the Remarketing Agent may suspend its obligations under this Remarketing Agreement at any time by notifying the County, the Paying Agent, the Credit Facility Issuer and the Paying Agent in writing or by telegram, telex or other electronic communication of its election so to do, if:

(i) Legislation shall be introduced by committee, by amendment or otherwise, in, or be enacted by, the House of Representatives or the Senate of the Congress of the United States of America, or a decision by a court of the United States of America shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the United States Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter shall be made or proposed, to the effect that the offering or sale of obligations of the general character of the Bonds, as contemplated hereby, is or would be in

violation of any provision of the Securities Act of 1933, as amended and as then in effect, or the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect, or with the purpose or effect of otherwise prohibiting the offering or sale of obligations of the general character of the Bonds, or the Bonds, as contemplated hereby;

(ii) Any information shall have become known, which, in the reasonable opinion of the Remarketing Agent, makes untrue, incorrect or misleading in any material respect any statement or information contained in the Official Statement, as the information contained therein has been supplemented or amended by other information furnished in accordance with Section 3 hereof, or causes the Official Statement, as so supplemented or amended, to contain an untrue, incorrect or misleading statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading;

(iii) Except as provided in clauses (i) and (ii) hereof, any legislation, resolution, ordinance, rule or regulation shall be introduced in, or be enacted by any federal governmental body, department or agency of the United States of America or the State of Florida or a decision by any court of competent jurisdiction within the United States of America or the State of Florida shall be rendered which, in the opinion of the Remarketing Agent, materially adversely affects the marketability of the Bonds;

(iv) Additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority purporting to have jurisdiction regarding the trading of the Bonds or by any national securities exchange;

(v) Any governmental authority shall impose, as to the Bonds, or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force;

(vi) Any rating of the Bonds shall have been downgraded or withdrawn by any securities rating agency, which, in the opinion of the Remarketing Agent, materially adversely affects the marketability of the Bonds; or

(vii) There has occurred any outbreak of hostilities or escalation or resumption of existing hostilities or any local, national or international calamity or crisis or there is a declaration of a national emergency or war by the United States, the effect of which on the financial markets of the United States, in the reasonable judgment of Remarketing Agent is such as to materially and adversely affect the market price or the marketability of the Bonds on the terms and in the manner contemplated by the Official Statement.

## **9. Payment of Fees and Expenses.**

(a) In consideration of the services to be performed by the Remarketing Agent under this Remarketing Agreement, the County agrees to pay to the Remarketing Agent the following fees: (i) during the period the Bonds are in a Weekly Rate Period, an annual fee equal to [.008] percent of the

weighted average daily principal amount of such Bonds outstanding, and (ii) in connection with the remarketing of Bonds subject to a mandatory tender in the same mode, an amount as shall be agreed to between the County and the Remarketing Agent prior to any such remarketing. It is understood and agreed that payment of the fee referred to in clause (i) of this paragraph (a) shall be made by the County in arrears, promptly upon receipt of an invoice therefor from the Remarketing Agent, such invoice to be sent quarterly by the Remarketing Agent commencing on [September 1, 2006 and on each December 1, March 1, June 1 and September 1] thereafter.

(b) The County shall bear all reasonable expenses incident to the performance of the obligations of the Remarketing Agent hereunder, including but not limited to: (i) the cost of printing and preparation for printing or other reproduction (for distribution in connection with any offering of Bonds hereunder) and distribution of the Official Statement or any amendment or supplement thereof, any subsequent Official Statement relating to the Bonds and any additional material described in and/or furnished pursuant to Section 3 hereof; (ii) the fees and disbursements of counsel to the County and any other experts or consultants retained by the County; (iii) the reasonable fees and disbursements of counsel to the Remarketing Agent in connection with the preparation and review of any amendment or supplement to the Official Statement or any additional material described in and/or furnished pursuant to Section 3 hereof; and (iv) the fees and expenses of each securities rating agency in connection with the Bonds; it being understood that none of such expenses shall be paid by the Remarketing Agent. The County shall reimburse the Remarketing Agent for all costs and out-of-pocket expenses actually incurred by the Remarketing Agent in connection with the performance of the Remarketing Agent's obligations with respect to the transactions contemplated hereby.

(c) Notwithstanding the foregoing, the County shall be under no obligation to make the payments described in paragraphs (a) and (b) of this Section 9 during any period in which the Remarketing Agent has terminated or suspended its obligations pursuant to Section 8 hereof; provided, however, that such fees shall be prorated to the extent there has been performance of the obligations of the Remarketing Agent hereunder for less than a full period.

#### **10. Dealing in Bonds by Remarketing Agent.**

The Remarketing Agent, either as principal or agent, may in good faith buy, sell, own, hold and deal in any of the Bonds, and may join in any action which any holder of a Bond may be entitled to take with like effect as if it did not act in any capacity hereunder. The Remarketing Agent in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with the County, and may act as depository, trustee, or agent for any committee or body of holders of Bonds or other obligations of the County, as freely as if it did not act in any capacity hereunder. Under such circumstances, the Remarketing Agent shall have only those rights set forth in the Bonds.

#### **11. Remarketing Agent Not Acting as Underwriter.**

It is understood and agreed that the Remarketing Agent, in its capacity as such, is only obligated hereunder and under the Series Resolution, to act as agent for the County and is undertaking such obligations on a best efforts basis. The County agrees that while this Remarketing Agreement is in effect, the Remarketing Agent shall be the exclusive remarketing agent of the

Bonds. The Remarketing Agent shall not act, nor shall be deemed to be acting, as an underwriter of the Bonds in connection with any remarketing of such Bonds and shall be in no way obligated to advance its own funds to purchase any Bonds, including, without limitation, upon a conversion of the Bonds to a Fixed Rate.

The Remarketing Agent may purchase, sell, hold and deal in Bonds as principal and, if it does so, it will have the same rights as any other person owning Bonds.

## **12. Miscellaneous.**

(a) Except as otherwise specifically provided in this Remarketing Agreement, all notices, demands and formal actions under this Remarketing Agreement shall be in writing and mailed, by registered or certified mail, postage prepaid, return receipt requested, telegraphed or delivered, as follows:

The Remarketing Agent:

UBS Securities LLC  
1285 Avenue of the Americas  
New York, New York 10019  
Attn: Municipal Short-Term Underwriting Desk  
Telephone: 212-713-4692  
Telecopy: 212-713-3797

The County:

Telephone:  
Telecopy:

Each party may, by notice given under this Remarketing Agreement, designate other addresses to which subsequent notices, requests, reports or other communications shall be directed.

(b) The obligations of the respective parties hereto may not be assigned or delegated to any other person without the consent of the other parties hereto. This Remarketing Agreement will inure to the benefit of and be binding upon the County and the Remarketing Agent and their respective successors and assigns, and will not confer any rights upon any other person, other than persons, if any, controlling the Remarketing Agent within the meaning of the Securities Exchange Act of 1934, as amended, and the County and its directors and alternate directors or any person who controls the company within the meaning of Section 15 of the Securities Act. The terms "successors" and "assigns" shall not include any purchaser of any of the Bonds merely because of such purchase.

(c) All of the representations and warranties of the County in this Remarketing Agreement shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Remarketing Agent.

(d) Section headings have been inserted in this Remarketing Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Remarketing Agreement and will not be used in the interpretation of any provisions of this Remarketing Agreement.

(e) If any provision of this Remarketing Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Remarketing Agreement invalid, inoperative or unenforceable to any extent whatsoever.

(f) This Remarketing Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document. Although this Remarketing Agreement is dated for convenience and for the purpose of reference as of the date first above written, the actual date or dates of execution by the parties hereto are the respective dates set forth under their signatures, and this Remarketing Agreement shall be effective on the latest of such dates.

(g) This Remarketing Agreement may not be altered, amended, supplemented or modified in any manner whatsoever except by written instrument signed by the University and the Remarketing Agent.

(h) This Agreement shall be governed by and construed in accordance with the laws of the State of New York without giving effect to the principles of conflict of laws thereof.

**IN WITNESS WHEREOF**, the parties hereto have caused this Remarketing Agreement to be duly executed as of the day and year first above written.

**UBS SECURITIES LLC,**  
as Remarketing Agent

By: \_\_\_\_\_  
Authorized Signatory

By: \_\_\_\_\_  
Authorized Signatory

[Signatures continued on following page]

[Signatures continued from preceding page]

**MONROE COUNTY, FLORIDA**

By: \_\_\_\_\_

**EXHIBIT C**

**REIMBURSEMENT AGREEMENT**

LETTER OF CREDIT AND  
REIMBURSEMENT AGREEMENT

Dated July \_\_, 2006

between

MONROE COUNTY, FLORIDA

and

BANK OF AMERICA, N.A.

relating to

\$XX,XXX,000  
Monroe County, Florida  
Airport Variable Rate Revenue Bonds  
(Key West International Airport)  
Series 2006



## TABLE OF CONTENTS

Page

### ARTICLE I

DEFINITIONS.....	1
Section 1.01. Certain Defined Terms.....	1
Section 1.02. Computation of Time Periods.....	3
Section 1.03. Accounting Terms.....	3
Section 1.04. Other Terms.....	3

### ARTICLE II

AMOUNT AND TERMS OF THE LETTER OF CREDIT.....	4
Section 2.01. Issuing the Letter of Credit.....	4
Section 2.02. Fees and Expenses.....	4
Section 2.03. Reimbursement Obligation.....	4
Section 2.04. Tender Advances.....	5
Section 2.05. Interest on Tender Advances.....	5
Section 2.06. Payments; Reinstatement of Letter of Credit Amounts.....	5
Section 2.07. Increased Costs.....	6
Section 2.08. Payments and Computations.....	6
Section 2.09. Evidence of Debt.....	7
Section 2.10. Obligations Absolute.....	7
Section 2.11. Extension of the Stated Termination Date.....	7
Section 2.12. Pledge of Series 2006 Bonds.....	7
Section 2.13. Limited Obligations.....	8
Section 2.14. Participations.....	9

### ARTICLE III

CONDITIONS OF ISSUANCE.....	9
Section 3.01. Condition Precedent to Issuance of the Letter of Credit.....	9
Section 3.03. Ratification of Related Documents.....	10

### ARTICLE IV

REPRESENTATIONS AND WARRANTIES.....	10
Section 4.01. Representations and Warranties of the Issuer.....	10

### ARTICLE V

COVENANTS OF THE ISSUER.....	11
Section 5.01. Affirmative Covenants.....	11
Section 5.02. Automatic Payment Procedure.....	14
Section 5.03. Redemption of Bonds.....	15

### ARTICLE VI

EVENTS OF DEFAULT.....	15
Section 6.01. Events of Default.....	15

Section 6.02. Rights Upon an Event of Default.....	16
Section 6.03. No Remedy Exclusive.....	17

## ARTICLE VII

MISCELLANEOUS.....	17
Section 7.01. Amendments, Etc.....	17
Section 7.02. Notices.....	17
Section 7.03. No Waiver.....	18
Section 7.04. Indemnification.....	18
Section 7.05. Liability of the Bank.....	18
Section 7.06. Costs, Expenses and Taxes.....	19
Section 7.07. Binding Effect.....	19
Section 7.08. Severability.....	19
Section 7.09. Headings.....	19
Section 7.10. Prior Agreements Superseded.....	19
Section 7.11. Counterparts.....	19
Section 7.12. Governing Law.....	20
Section 7.13. Arbitration and Waiver of Jury Trial.....	20

## EXHIBIT A     Form of Letter of Credit

## LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT

This **LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT** (this "**Reimbursement Agreement**") is dated July \_\_, 2006 and is between **MONROE COUNTY, FLORIDA** (the "**Issuer**"), a political subdivision of the State of Florida and **BANK OF AMERICA, N.A.** (the "**Bank**"), a national banking association.

### RECITALS:

1. The Issuer proposes to issue, pursuant to the **Resolution** (herein defined) \$XX,XXX,000 aggregate principal amount of its Airport Variable Rate Revenue Bonds (Key West International Airport), Series 2006 (the "**Series 2006 Bonds**") for the primary purposes of providing funds necessary to finance the acquisition, construction and equipping of airport facilities (as further described and defined in the Resolution, the "**2006 Project**").

2. In order to provide security for the payment when due of the principal of and interest on the Series 2006 Bonds, the Issuer has requested the Bank to issue its irrevocable direct pay letter of credit naming U.S. Bank National Association (the "**Paying Agent**") as beneficiary, in substantially the form of **Exhibit A** hereto (such letter of credit and any successor letter of credit as provided for or contemplated in such letter of credit or this Reimbursement Agreement being herein referred to as the "**Letter of Credit**"), in the initial amount of \$YY,YYY,YYY.YY (the "**Commitment**"), of which (a) \$XX,XXX,000.00 shall support the payment of principal or portion of the purchase price corresponding to principal of the Series 2006 Bonds and (b) \$Z,ZZZ,ZZZ.ZZ shall support the payment of up to **35** days of interest or portion of the purchase price corresponding to interest on the Series 2006 Bonds, at an assumed interest rate of **12%** per annum (computed on a year of 365 days).

**NOW, THEREFORE**, in consideration of the premises and other good and valuable consideration, including the covenants, terms and conditions hereinafter appearing, and in order to induce the Bank to issue the Letter of Credit, the parties hereto agree as follows:

### ARTICLE I

#### DEFINITIONS

**Section 1.01. Certain Defined Terms.** As used in this Reimbursement Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"**Airport Consultant Report**" means the Report of the Airport Consultant, prepared in connection with the Series 2006 Bonds by Newton & Associates, Inc.

"**Business Day**" means a day other than (a) a Saturday or Sunday or (b) a day on which the corporate trust office or payment office of the Paying Agent, the paying office of the Bank for draws under the Letter of Credit or the primary office of the Remarketing Agent are lawfully closed or (c) a day on which the New York Stock Exchange or The Depository Trust Company is closed.

"**Collateral**" has the meaning assigned to that term in **Section 2.12** of this Reimbursement Agreement.

"**Commitment**" has the meaning assigned to that term in paragraph 2 of the Recitals hereof.

"**Credit Termination Date**" means the date on which the Letter of Credit shall terminate or expire

in accordance with its terms.

**"Date of Issuance"** has the meaning assigned to that term in **Section 2.01** of this Reimbursement Agreement.

**"Default Rate"** means the maximum rate permitted by law.

**"Designated Event of Default"** means an Event of Default described in **Section 6.01(a), (b), (c), (d), (e), (f), (g) or (h)** of this Reimbursement Agreement.

**"Event of Default"** has the meaning assigned to that term in **Section 6.01** of this Reimbursement Agreement.

**"Final Tender Drawing"** means any Liquidity Drawing in order to pay the purchase price of Series 2006 Bonds tendered in connection with a mandatory tender of the Series 2006 Bonds pursuant to **Section 13(c) or 13(d)** of the Series Resolution on account of the expiration of the Letter of Credit or the substitution of an Alternate Letter of Credit.

**"Generally Accepted Accounting Principles"** or **"GAAP"** means those principles of accounting set forth in statements of the Governmental Accounting Standards Board or which have other substantial authoritative support and are applicable in the circumstances as of the date of a report, as such principles are from time to time supplemented and amended.

**"Governmental Authority"** means any domestic or foreign, federal, state, county, municipal or other governmental department, entity, authority, commission, board, bureau, court, agency or any instrumentality of any of them.

**"Letter of Credit"** has the meaning assigned to that term in paragraph 2 of the Recitals hereof.

**"Letter of Credit Fee Calculation Amount"** at any time means the maximum amount available to be drawn at such time under the Letter of Credit, the determination of such maximum amount to assume compliance with all conditions for drawing and no reduction for (a) any amount drawn by any drawing referred to in the Letter of Credit, the amount of which, in whole or in part, is subject to reinstatement, or (b) any amount not available to be drawn because Series 2006 Bonds are Series 2006 Issuer Bonds or are Series 2006 Bank Bonds.

**"LIBOR Rate"** means a fluctuating rate of interest equal to the rate per annum (rounded upwards to the nearest 1/100 of one percent) equal to the British Bankers Association LIBOR Rate ("BBA LIBOR"), as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as selected by the Bank from time to time) as determined for each banking day at approximately 11:00 a.m. London time two (2) Business Days prior to the date in question, for U.S. Dollar deposits (for delivery on such day) with a one month term, as adjusted from time to time in the Bank's sole discretion for reserve requirements, deposit insurance assessment rates and other regulatory costs. If such rate is not available at such time for any reason, then the rate for that interest period will be determined by such alternate method as reasonably selected by the Bank. The LIBOR Rate will be adjusted as of the date of every change in BBA LIBOR. Interest will accrue on any non-Business Day at the rate in effect on the immediately preceding Business Day.

**"Liquidity Drawing"** means any drawing on the Letter of Credit accompanied by a certification in the form attached as Annex C to the Letter of Credit in order to pay the purchase price of Series 2006 Bonds tendered for purchase pursuant to **Sections 12 or 13** of the Series Indenture.

**"Obligations"** means any and all of the indebtedness, liabilities, covenants, promises, agreements, terms, conditions, and other obligations of every nature whatsoever, whether joint or several, direct or indirect, absolute or contingent, liquidated or unliquidated, of the Issuer to the Bank, evidenced by, secured by, under and as set forth in this Reimbursement Agreement or the other Related Documents, together with all reasonable expenses, attorneys' fees, paralegals' fees and legal assistants' fees incurred by Bank in the preparation, execution, perfection or enforcement of the foregoing and any document relating to any of the foregoing.

**"Official Statement"** means the Official Statement relating to the Series 2006 Bonds, dated \_\_\_\_, 2006 together with any documents incorporated therein by reference.

**"Paying Agent"** has the meaning assigned to that term in paragraph 2 of the Recitals hereof.

**"Person"** means any individual, joint venture, corporation, company, voluntary association, partnership, limited liability company, trust, joint stock company, unincorporated organization, association, government, or any agency, instrumentality, or political subdivision thereof, or any other form of entity.

**"Reimbursement Agreement"** means this Letter of Credit and Reimbursement Agreement and any amendments or supplements thereto.

**"Related Documents"** has the meaning assigned to that term in **Section 2.10** of this Reimbursement Agreement.

**"Resolution"** means Resolution No. \_\_\_\_ adopted by the Issuer on June 21, 2006, as supplemented by the Series Resolution.

**"Series 2006 Bank Bonds"** has the meaning assigned to that term in **Section 2.12** of this Reimbursement Agreement.

**"Series 2006 Bonds"** has the meaning assigned to that term in paragraph 1 of the Recitals hereof.

**"Series 2006 Issuer Bonds"** means Series 2006 Bonds that are registered in the name of the Issuer or held for the account of the Issuer.

**"Series 2006 Project"** has the meaning assigned to that term in paragraph 2 of the Recitals hereof.

**"Series Resolution"** means Resolution No. \_\_\_\_ adopted by the Issuer on June 21, 2006.

**"Stated Termination Date"** means July 15, 2009, as such date may be extended pursuant to **Section 2.11** hereof.

**"Tender Advance"** is defined in **Section 2.04** of this Reimbursement Agreement.

**Section 1.02. Computation of Time Periods.** In this Reimbursement Agreement, in the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding."

**Section 1.03. Accounting Terms.** All accounting terms not specifically defined herein shall be construed in accordance with Generally Accepted Accounting Principles consistently applied, except as otherwise stated herein.

**Section 1.04. Other Terms.** All capitalized terms used herein to the extent not otherwise defined

herein shall have the meanings given to them in the Related Documents.

## ARTICLE II

### AMOUNT AND TERMS OF THE LETTER OF CREDIT

**Section 2.01. Issuing the Letter of Credit.** On July \_\_, 2006 and upon fulfillment of the applicable conditions set forth herein, the Bank will issue and deliver the Letter of Credit to the Paying Agent (the date of such issuance and delivery being called the "**Date of Issuance**"). The Letter of Credit shall be issued in the amount of the Commitment and shall expire on or before the Stated Termination Date and shall be in substantially the form of **Exhibit A** hereto.

#### **Section 2.02. Fees and Expenses.**

(a) The Issuer agrees to pay to the Bank on the Date of Issuance an initial Letter of Credit fee equal to \$\_\_\_\_\_ (representing the fee from and including the Date of Issuance through and including July 14, 2007). On the 15th day of each July, commencing July 15, 2007 (each, a "**Fee Payment Date**"), the Issuer agrees to pay the Bank a Letter of Credit fee equal to the Applicable Percentage (hereinafter defined) of the Letter of Credit Fee Calculation Amount on each such date. On each Fee Payment Date the Applicable Percentage will be 0.81%, provided that if on a Fee Payment Date the Bonds shall have an underlying (i.e., a rating determined without regard to any bond insurance or other credit or liquidity enhancement) credit rating of BBB (or its equivalent) or better from Moody's, Standard & Poor's or Fitch, then the Applicable Percentage as of such Fee Payment Date shall be 0.49%, and provided further that in connection with any Fee Payment Date after July 15, 2008 the Issuer and the Bank may agree in writing to a different Applicable Percentage. The Letter of Credit Fee shall be deemed earned when paid and the Issuer shall be entitled to no refund or rebate of such fee in the event the Letter of Credit terminates or there is a reduction in the Commitment. Upon the occurrence of and during the continuation of an Event of Default, the Applicable Percentage shall be adjusted to 2.00%, and the Issuer shall pay the Bank the additional Letter of Credit fee within 10 days of written demand therefore.

(b) The Issuer agrees to pay to the Bank, upon each transfer of the Letter of Credit, a transfer fee of \$2,500.00, plus all costs and expenses of the Bank (including reasonable attorneys' fees) incurred related thereto.

(c) The Issuer agrees to pay to the Bank, upon each amendment of the Letter of Credit, an amendment fee of \$2,500.00, plus all costs and expenses of the Bank (including reasonable attorneys' fees) incurred related thereto.

(d) The Issuer agrees to pay to the Bank, upon each drawing under the Letter of Credit, a fee of \$150.00 per drawing.

(e) The Issuer agrees to pay on demand the Bank's normal transaction charges, including wire charges and service charges, in order to perform this Reimbursement Agreement.

#### **Section 2.03. Reimbursement Obligation.**

The Issuer agrees to pay the Bank (i) an amount equal to any amount drawn and paid under the Letter of Credit (other than pursuant to a Tender Advance (which shall be reimbursed pursuant to **Section 2.05**)) on the same Business Day as such drawing, plus (ii) interest at the Default Rate on any amount remaining unpaid by the Issuer to the Bank under clause (i) above, from the date such amount becomes due and payable

until payment in full.

**Section 2.04. Tender Advances.** If the Bank shall make any payment of that portion of the purchase price for tendered Series 2006 Bonds corresponding to principal and interest of the Series 2006 Bonds from amounts drawn under the Letter of Credit pursuant to a Liquidity Drawing that is not a Final Tender Drawing, then, if the conditions of this **Section 2.04** shall have been satisfied in connection with such Liquidity Drawing, such payment shall constitute a "**Tender Advance**" made by the Bank to the Issuer on the date and in the amount of such payment. Notwithstanding any other provision hereof, the Issuer shall repay the unpaid amount of each Tender Advance, together with interest thereon computed at the rate set forth in **Section 2.05**, on the earlier to occur of (i) such date as provided in **Section 2.06(b)** hereof (*i.e.*, resale of the Series 2006 Bonds) or (ii) the Credit Termination Date. The Issuer may prepay any such amounts on an earlier date as provided in **Section 2.06** hereof. A payment made by the Bank pursuant to a Liquidity Drawing shall constitute a Tender Advance under this Letter of Credit only if on the date of such payment no event has occurred or would result from such advance, which constitutes a Event of Default or would constitute a Event of Default with the giving of notice or the lapse of time or both.

Unless the Issuer shall have previously advised the Bank in writing, the Issuer shall be deemed to have represented and warranted, on the date of payment by the Bank under the Letter of Credit pursuant to a Liquidity Drawing, that on the date of such payment the above statements are true and correct.

**Section 2.05. Interest on Tender Advances.** The Issuer shall pay interest on the outstanding amount of each Tender Advance from the date of such Tender Advance until such amount is repaid to the Bank in full, payable monthly, in arrears, on the first Business Day of each month during the term of each Tender Advance and on the date such amount is paid in full, at a fluctuating interest rate per annum in effect from time to time equal to the LIBOR Rate plus 2.00%, provided that the unpaid amount of any Tender Advance which is not paid when due pursuant to **Section 2.04** hereof shall bear interest at the Default Rate, payable on demand and on the date such amount is paid in full. The Issuer shall receive a credit against interest payments due pursuant to this **Section 2.05** in an amount equal to interest payments received by the Bank with respect to Series 2006 Bonds purchased with proceeds of Tender Advances.

**Section 2.06. Payments; Reinstatement of Letter of Credit Amounts.** (a) The Issuer may prepay the outstanding amount of any Tender Advance in whole or in part, together with accrued interest to the date of such prepayment on the amount prepaid. The Issuer shall notify the Bank on the date of such prepayment of the amount to be prepaid, which notice shall be given prior to such payment; provided that failure to give such notice shall not prevent the Bank's acceptance of such payment although such failure may result in a delay in any reinstatement of the Letter of Credit..

(b) Prior to or simultaneously with the resale of Series 2006 Bank Bonds, the Issuer shall repay the then outstanding advances (in the order in which they were made) by paying to the Bank, or causing to be paid to the Bank pursuant to **Section 14(c)(6)** of the Series Resolution, an amount equal to the sum of (i) the portion of the purchase price corresponding to the aggregate principal amount of the Series 2006 Bonds being resold or to be resold, plus (ii) the portion of the purchase price corresponding to the aggregate amount of accrued and unpaid interest on such Series 2006 Bonds, plus (iii) the aggregate amount of accrued and unpaid interest on such advances, less the amount paid pursuant to the immediately preceding clause (ii). Such payment shall be applied by the Bank in reimbursement of such drawings (and as prepayment of Tender Advances resulting from such drawings in the manner described above), and, with respect to any Tender Advance, upon receipt by the Bank of notice from the Paying Agent in the form set forth on Annex G to the Letter of Credit, the Issuer authorizes the Bank to reinstate the Letter of Credit in accordance therewith.

(c) Series 2006 Bonds purchased with the proceeds of drawings on the Letter of Credit which are held under a book entry system shall be held by the Paying Agent in the name of the Bank with a notation that such Series 2006 Bonds are "**Series 2006 Bank Bonds**." Series 2006 Bank Bonds shall be held by the

Paying Agent as fiduciary for the Bank pursuant to the Resolution and shall secure the Issuer's payment obligations hereunder.

(d) The Issuer shall on demand by the Bank, repay or cause to be repaid any amount owing to the Bank as a result of any Tender Advance for the purpose of paying the purchase price of any Bond delivered to the Paying Agent, if the Paying Agent failed, for any reason, to pay or tender payment of the purchase price of such Bond when due to or for the account of the person entitled thereto and such failure is continuing or any other person shall assert that such person has a lien on or security interest in such Bond.

**Section 2.07. Increased Costs.** If any law, regulation or change in any law or regulation or in the interpretation thereof, or any ruling, decree, judgment, guideline, directive or recommendation (whether or not having the force of law) by any regulatory body, court, central bank or any administrative or governmental authority charged or claiming to be charged with the administration thereof (including, without limitation, a request or requirement which affects the manner in which the Bank allocates capital resources to its commitments including its obligations hereunder) shall either (a) impose upon, modify, require, make or deem applicable to the Bank any reserve requirement, special deposit requirement, insurance assessment or similar requirement against or affecting the Letter of Credit, or (b) subject the Bank to any tax, charge, fee, deduction or withholding of any kind whatsoever in connection with the Letter of Credit or change the basis of taxation of the Bank (other than a change in the rate of tax based on the overall net income of the Bank), or (c) impose any condition upon or cause in any manner the addition of any supplement to or increase of any kind to the Bank's capital or cost base for issuing or owning a participation in the Letter of Credit which results in an increase in the capital requirement supporting the Letter of Credit, or (d) impose upon, modify, require, make or deem applicable to the Bank any capital requirement, increased capital requirement or similar requirement, such as the deeming of the Letter of Credit to be an asset held by the Bank for capital adequacy calculation or other purposes (including, without limitation, a request or requirement which affects the manner in which the Bank allocates capital resources to its commitments including its obligations hereunder or under the Letter of Credit), and the result of any events referred to in (a), (b), (c) or (d) above shall be to increase the costs in any way to the Bank of issuing or maintaining the Letter of Credit or reduce the amounts payable by the Issuer hereunder or reduce the rate of return on capital, as a consequence of the issuing, maintaining or participating in the Letter of Credit, to a level below that which the Bank could have achieved but for such events; then and in such event the Issuer shall, upon receipt of written notice to the Issuer by the Bank of such increased costs and/or decreased benefits, within **30** days of demand therefor pay to the Bank all such additional amounts which, in the Bank's sole good faith calculation as allocated to the Letter of Credit, shall be sufficient to compensate it for all such increased costs and/or decreased benefits, all as certified by the Bank in said written notice to the Issuer. Such certification shall be accompanied by information concerning the calculation of such increased costs and/or decreased benefits and shall be conclusive and binding on the parties hereto, absent manifest error. In determining such amount, the Bank may use any reasonable averaging or attribution methods.

**Section 2.08. Payments and Computations.** The Issuer shall make each payment hereunder not later than **2:00** p.m. (New York City time) on the day when due in immediately available funds constituting lawful money of the United States of America to the Bank (at such place as designated by the Bank). The Issuer hereby authorizes the Bank, if and to the extent payment is not made when due hereunder, to charge from time to time against any of the Issuer's accounts with the Bank any amount so due. Computations of the LIBOR Rate, the Default Rate and of any interest, fees or commissions hereunder shall be made by the Bank on the basis of a year of 360 days for the actual number of days elapsed. Whenever any payment to be made hereunder shall be stated to be due on a day which is not a Business Day, such payment may be made on the next succeeding Business Day and such extension of time shall in such case be included in the computation of payment of interest, fee or commission, as the case may be. The Bank agrees that any and all payments made under the Letter of Credit will be made with the Bank's own funds. Any amount of fees or expenses payable by the Issuer to the Bank which is not paid when due shall bear interest, from the date such amount of fees was due until the date of payment in full, at the Default Rate, payable on the first to



occur of the date of payment in full of such amount or demand by the Bank.

**Section 2.09. Evidence of Debt.** The Bank shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Issuer resulting from each drawing under the Letter of Credit made from time to time hereunder and the amounts of principal, interest and fees payable and paid from time to time hereunder. In any legal action or proceeding in respect of this Reimbursement Agreement, the entries made in such account or accounts shall be conclusive evidence of the existence and amounts of the obligations of the Issuer therein recorded, absent manifest error.

**Section 2.10. Obligations Absolute.** Subject to **Section 2.13** hereof, the payment obligations of the Issuer under this Reimbursement Agreement shall be unconditional and irrevocable and shall be paid strictly in accordance with the terms of this Reimbursement Agreement under all circumstances, including, without limitation, the following circumstances:

- (i) any lack of validity or enforceability of this Reimbursement Agreement, the Letter of Credit, the Series 2006 Bonds, the Resolution, the Purchase Contract, the Remarketing Agreement or any other agreement or instrument relating thereto (collectively, the "**Related Documents**");
- (ii) any amendment or waiver of or any consent to departure from all or any of the Related Documents (unless consented to in writing by the Bank);
- (iii) the existence of any claim, set-off, defense (other than the defense of payment) or other right which the Issuer may have at any time against the Paying Agent or any other beneficiary, or any transferee, of the Letter of Credit (or any persons or entities for whom the Paying Agent, any such beneficiary or any such transferee may be acting), the Bank, or any other Person, whether in connection with this Reimbursement Agreement, the transactions contemplated herein or in the Related Documents, or any unrelated transaction;
- (iv) any statement or any other document presented under the Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or
- (v) payment by the Bank under the Letter of Credit against presentation of a draft or certificate which does not comply with the terms of the Letter of Credit; provided that such payment shall not have constituted gross negligence or willful misconduct of the Bank.

**Section 2.11. Extension of the Stated Termination Date.** On July 15 of each year, commencing July 15, 2007, the Letter of Credit expiration date shall be automatically extended for periods of one year from the present Letter of Credit expiration date or any future Letter of Credit expiration date, unless the Bank notifies the Trustee and Borrower in writing on or before the June 15 immediately preceding such July 15 that the Bank will not extend the Letter of Credit expiration date. Any decision by the Bank to extend the Letter of Credit expiration date, and if so, upon what terms and conditions, shall be in the Bank's sole discretion.

**Section 2.12. Pledge of Series 2006 Bonds.** The Issuer hereby pledges, assigns, hypothecates, transfers and delivers to the Bank all its right, title and interest to, and hereby grants to the Bank a first lien on, and security interest in, all right, title and interest of the Issuer in and to the following (the "**Collateral**"):

- (a) all Series 2006 Bonds which may from time to time have been purchased with proceeds of drawings under the Letter of Credit (the "**Series 2006 Bank Bonds**");

(b) all income, earnings, profits, interest, premium or other payments in whatever form in respect of the Series 2006 Bank Bonds;

(c) all proceeds (cash and non-cash) arising out of the sale, exchange, collection, enforcement or other disposition of all or any portion of the Series 2006 Bank Bonds;

as collateral security for the prompt and complete payment when due of all amounts due in respect of the Obligations.

Series 2006 Bank Bonds shall be held by the Paying Agent pursuant to the provisions of **Section 14(c)(6)** of the Series Resolution.

In the event that the Issuer shall fail to pay any amount when due hereunder, the Bank, without demand of performance or other demand, advertisement or notice of any kind (except the notice specified below of time and place of public or private sale) to or upon the Issuer or any other person (all and each of which demands, advertisements and/or notices are hereby expressly waived), may forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, assign, give option or options to purchase, contract to sell or otherwise dispose of and deliver said Collateral, or any part thereof, at public or private sale or sales, at any exchange, broker's board or at any of the Bank's offices or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk, with the right of the Bank upon any such sale or sales, public or private, to purchase the whole or any part of said Collateral so sold, free of any right or equity of redemption in the Issuer, which right or equity is hereby expressly waived or released. The Bank shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale, after deducting all reasonable costs and expenses of every kind incurred therein or incidental to the care or safekeeping of any and all of the Collateral or in any way relating to the rights of the Bank hereunder, including reasonable attorney's fees and legal expenses, to the payment in whole or in part of the Obligations in such order as the Bank may elect, the Issuer remaining liable for any deficiency remaining unpaid after such application, and only after so applying such net proceeds and after the payment by the Bank of any other amount required by any provision of law, need the Bank account for the surplus, if any, to the Issuer. The Issuer agrees that the Bank need not give more than **10** days' notice of the time and place of any public sale or of the time after which a private sale or other intended disposition is to take place and that such notice is reasonable notification of such matters.

The Issuer covenants that the pledge, assignment and delivery of the Collateral hereunder will create a valid security interest in all right, title and interest of the Issuer in or to such Collateral, and the proceeds thereof, subject to no prior pledge, lien, mortgage, hypothecation, security interest, charge, option or encumbrance or to any agreement purporting to grant to any third party a security interest in the property or assets of the Issuer which would include the Collateral. The Issuer covenants and agrees that it will defend the Bank's right, title and security interest in and to the Collateral and the proceeds thereof against the claims and demands of all persons whomsoever.

Series 2006 Bank Bonds shall be released from the security interest created hereunder upon satisfaction of the Obligations with respect to such Series 2006 Bank Bonds, and restoration of the Letter of Credit in the amount of any drawing thereunder to satisfy the Obligations.

**Section 2.13. Limited Obligations.** Notwithstanding any other provision hereof, the Obligations of the Issuer hereunder are payable solely from and secured by a lien upon and pledge of Pledged Funds (as defined in the Resolution) in accordance with the terms of the Resolution, subject to the application thereof for the purposes and on the conditions permitted by the Resolution. It is expressly agreed by the Bank that the full faith and credit of the Issuer is not pledged to the payment of the Obligations and that the Bank shall never have the right to require or compel the exercise of any taxing power of the Issuer to the payment of the

Obligations. The Obligations of the Issuer hereunder shall not constitute a lien upon the System or any other property of the Issuer, but shall constitute a lien only on the Pledged Funds in accordance with the terms of the Resolution.

**Section 2.14. Participations.** The Issuer agrees and consents to the Bank's sale or transfer, whether now or later, of one or more participation interests in the rights and obligations of the Bank hereunder and under the Letter of Credit to one or more purchasers, whether related or unrelated to the Bank. The Bank may provide to any one or more purchasers, or potential purchasers, of participation interests as described herein, any information or knowledge the Bank may have about the Issuer or about any other matter relating to the Bonds; provided, however, that prior to providing any such information or knowledge to any purchaser or potential purchaser the Bank will first obtain the written agreement of each such party that it will keep all such information and knowledge strictly confidential and that the Issuer is a third-party beneficiary of each such agreement. The Issuer waives any and all notices of sale of participation interests, as well as all notices of any repurchase of such participation interests.

### ARTICLE III

#### CONDITIONS OF ISSUANCE

**Section 3.01. Condition Precedent to Issuance of the Letter of Credit.** The obligation of the Bank to issue the Letter of Credit is subject to the condition precedent that the Bank shall have received on or before the Date of Issuance the following, each dated such date and in form and substance satisfactory to the Bank:

(a) Issuer Documents. Copies of the Resolution and PFC Authority certified as of the Date of Issuance by the appropriate governmental official as being true and complete copies of such documents and any all amendments thereto.

(b) Incumbency Certificate. A certificate of the Issuer certifying the names and true signatures of the officers of the Issuer authorized to sign this Reimbursement Agreement and the other Related Documents (as applicable).

(c) Documents. An executed original counterpart of this Reimbursement Agreement, together with copies of the executed other Related Documents, together with all other documents and showings required thereby.

(d) Issuer Counsel Opinion. An opinion of the County Attorney of the Issuer.

(e) Bank Counsel Opinion. An opinion of Moyle, Flanigan, Katz, Raymond, White & Krasker, P.A., Counsel to the Bank.

(f) Bond Counsel Opinions. Opinions of Nabors, Giblin & Nickerson, P.A., as bond counsel.

(g) Disclosure Counsel Opinion. An opinion of Bryant Miller & Olive, P.A., disclosure counsel to the Issuer.

(h) Airport Consultant Report. The Airport Consultant Report.

(i) Fees Payable: Payment by the Issuer (i) to the Bank of the fees set forth in Section 2.02(a) hereof and such other costs and expenses as may be payable pursuant to Section 7.06 hereof, and (ii) to counsel to the Bank, of its fee of \$25,000 incurred in connection with this transaction, plus

such counsel's out-of-pocket expenses.

(j) Other Documents: Such other documents, instruments, approvals (and, if requested by the Bank, certified duplicates of executed copies thereof) or opinions as the Bank may reasonably request.

**Section 3.03. Ratification of Related Documents.** The Issuer hereby ratifies, confirms and reaffirms all representations and warranties of the Issuer contained in the Resolution, all of the provisions of which are incorporated herein by this reference to the same extent as if set forth herein.

## ARTICLE IV

### REPRESENTATIONS AND WARRANTIES

**Section 4.01. Representations and Warranties of the Issuer.** The Issuer represents and warrants to the Bank as follows (which representations and warranties shall survive the issuance of the Letter of Credit):

(a) The Issuer is a political subdivision, validly existing as a county, under the laws of the State of Florida, including the Act. The Issuer has all requisite power and authority to conduct its business, to own its properties, and to execute and deliver and perform all of its obligations under this Reimbursement Agreement and each of the Related Documents to which it is a party.

(b) The execution, delivery and performance by the Issuer of this Reimbursement Agreement and the Related Documents to which it is or a party are within the Issuer's powers, have been duly authorized by all necessary action, and do not contravene (i) any law, rule or regulation applicable to the Issuer or its properties or (ii) any agreement or contractual restriction (including but not limited to any Related Document) binding on or affecting the Issuer or any of its properties, and do not result in or require or cause the creation of any lien, security interest or other charge or encumbrance (except as provided in or contemplated by this Reimbursement Agreement or the Related Documents) upon or with respect to any of its properties.

(c) No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority is required for the due execution, delivery and performance by the Issuer of this Reimbursement Agreement or any Related Document, except as have been duly obtained or made and are in full force and effect.

(d) This Reimbursement Agreement is, and each of the other Related Documents to which the Issuer is a party, are legal, valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms, provided, however, the enforceability of this Reimbursement Agreement and the Related Documents may be limited by any applicable bankruptcy, insolvency, moratorium, reorganization or similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principals of equity.

(e) There is no pending or, to the knowledge of the Issuer, threatened, action, investigation or proceeding before any court, governmental agency or arbitrator against or affecting the Issuer which may materially adversely affect the existence, powers, financial condition or operations of the Issuer or the ability of the Issuer to perform its obligations hereunder or under any of the Related Documents or which purports to affect the legality, validity or enforceability of this Reimbursement Agreement or any Related Document.

(f) The information in the Official Statement is true and correct, and the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the

statements contained therein, in light of the circumstances under which they were made, not misleading.

(g) The Issuer's financial statements with respect to the Airport which have been furnished to the Bank present fairly the financial condition of the Issuer's Airport operations as of the date(s) thereof and for the period(s) covered therein. The Issuer has no material liabilities, contingent or otherwise, with respect to the Airport, including material liabilities for taxes, not disclosed by or reserved against in the financial statements referred to above or in the notes thereto, and at the present time there are no material unrealized or anticipated losses from any commitments of the Issuer except as have been disclosed to the Bank in writing. Said financial statements were prepared in accordance with Generally Accepted Accounting Principles. Since the date of the most recent of such financial statements there has been no material adverse change in the financial condition, properties or operations of the Issuer with respect to the Airport.

(h) The Issuer owns, possesses, or has the right to use all patents, licenses, franchises, trademarks, trademark rights, trade names, trade name rights, copyrights, trade secrets, know how and confidential commercial and proprietary information necessary to conduct its Airport activities as now conducted, without known conflict with any patent, license, franchise, trademark, trade name, copyright or other proprietary right of any other Person.

(i) The Issuer is not in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any Related Document or other agreement or instrument to which it is a party or by which it may be bound.

(j) The Issuer has received the written approval of all federal, state, local and foreign governmental authorities and of any other Person, if any, necessary to acquire and construct the 2006 Project and to carry out the terms of this Reimbursement Agreement and the other Related Documents to which it is a party, and no further consents or approvals of any Person are required for the acquisition or construction of the 2006 Project or the making or performance of this Reimbursement Agreement and such Related Documents, or if any such approval is not yet required and has not yet been obtained, the Issuer has no reason to believe that it will not be obtained by the time necessary in order to so acquire and construct the 2006 Project (within the schedule submitted by the Issuer to the Bank) and to carry out such terms.

(k) To the knowledge of the Issuer, none of this Reimbursement Agreement, or any Related Document, or any reports (including but not limited to the Airport Consultant Report), schedules, certificates, agreements or instruments heretofore or simultaneously with the execution of this Reimbursement Agreement delivered to the Bank by or on behalf of the Issuer in connection with the issuance of the Letter of Credit, contains any misrepresentation or untrue statement of fact.

(l) The Issuer is now, and after the issuance of the Series 2006 Bonds will be, in compliance with the provisions of this Reimbursement Agreement.

(m) The Issuer is now, and after the issuance of the Series 2006 Bonds and the giving effect to this Reimbursement Agreement will be, solvent.

## ARTICLE V

### COVENANTS OF THE ISSUER

**Section 5.01. Affirmative Covenants.** So long as a drawing is available under the Letter of Credit, or the Bank shall have any Commitment hereunder, or the Issuer shall have any obligation to pay any amount to the Bank hereunder, the Issuer will, unless the Bank shall otherwise consent in writing:

(a) Preservation of Existence, Etc. Take all legal action within its control in order to maintain its existence.

(b) Compliance with Laws. Comply with the requirements of all applicable laws, rules, regulations and orders of any governmental or regulatory authority, non-compliance with which would materially adversely affect its business or credit or ability to satisfy its obligations hereunder or under the Related Documents.

(c) Payment of Taxes, Etc. Pay and discharge, before the same shall become delinquent, (i) any taxes, assessments and governmental charges or levies lawfully imposed upon it or upon its property, and (ii) all lawful claims which, if unpaid, might by law become a lien upon its property; provided, however, that the Issuer shall not be required to pay or discharge any such tax, assessment, charge or claim that is being contested in good faith and by proper proceedings, and, if requested by Bank, reserves with respect thereto acceptable to the Bank shall be maintained; provided further that any such tax, assessment, charge, levy or claim shall be paid forthwith upon the commencement of proceedings to foreclose any lien securing the same.

(d) Inspection Rights. At any reasonable time and from time to time during usual business hours and upon prior notice, permit the Bank or any agents or representatives thereof, to examine and make copies of and abstracts from the records and books of account of (other than to the extent that doing so would violate any confidentiality agreement binding upon the Issuer), and visit the properties (including the 2006 Project) of, the Issuer and discuss the affairs, finances and accounts of the Issuer with any of its officers.

(e) Keeping of Books. Keep proper books of record and account, in which full and correct entries shall be made of all financial transactions and the assets and business of the Issuer in accordance with Generally Accepted Accounting Principles.

(f) Maintenance of Properties. Maintain and preserve all of its properties which are used or useful in the conduct of its business in good working order and condition, ordinary wear and tear excepted.

(g) Maintenance of Insurance. Maintain such liability, casualty and other insurance with respect to the Airport operations as is reasonable and prudent for similar governmentally owned airports in the State and shall, upon the request of the Bank, provide evidence of such coverage to the Bank.

(h) Performance and Compliance with Other Covenants. Perform and comply in all material respects with each of its covenants, as in effect on the Date of Issuance or as such covenants may thereafter be amended or supplemented, set forth in the Related Documents.

(i) Reporting Requirements. Furnish to the Bank the following:

(1) as soon as possible and in any event within **15** days after the occurrence of each Event of Default or each event which, with the giving of notice or lapse of time, or both, would constitute an Event of Default, a statement of the Issuer setting forth details of such Event of Default or event and the action which the Issuer proposes to take with respect thereto;

(2) within **15** days after written request from the Bank, a copy of the Issuer's current annual budget;

(3) within **270** days after the end of each Fiscal Year, the Issuer's annual financial statements for such Fiscal Year, dated and certified as having been prepared in accordance with the Resolution and GAAP and as accurately reflecting the financial condition of the Issuer for the period reported upon by an authorized financial officer of the Issuer. These financial statements must (i) include separate statements of accounts with respect to the Airport and the Pledged Funds, (ii) be in sufficient detail to enable the bank to determine whether the Issuer is in compliance with this Reimbursement Agreement and the Related Documents and (iii) be audited by a firm of nationally recognized certified public accountants with an audit opinion without any qualification that is, in the reasonable determination of the Bank, material and adverse to the security of the Bank;

(4) together with the financial statements referred to in (3) above, a certificate signed by an authorized financial officer of the Issuer, setting forth the calculations necessary to demonstrate compliance by the Issuer with the provisions of Section 5.03 of the Resolution for the Fiscal Year of the Issuer most recently concluded;

(5) promptly upon sending or receipt, copies of any management letters and correspondence relating to management letters, sent to or received by the Issuer from the Issuer's auditor(s) or, if no management letter is prepared, a letter from such auditor stating that no deficiencies were noted that would otherwise be addressed in a management letter;

(6) within **10** days after it acquires actual knowledge thereof, notification in writing of any reduction or anticipated reduction (including any placing of the Issuer on credit-watch for a possible downgrade) in the credit rating assigned to any indebtedness of the Issuer by any rating agency;

(7) promptly upon becoming aware thereof, written notice of any material adverse change in the financial condition, business or operations of the Issuer;

(8) promptly upon becoming aware thereof, written notice of any actual or potential contingent liabilities or pending or threatened litigation of any amount or nature that could reasonably be expected to have a material and adverse effect upon the financial condition of the Issuer;

(9) promptly upon becoming aware thereof, written notice of the commencement or existence of any proceeding against the Issuer by or before any court or governmental agency that might, in the reasonable judgment of the Issuer, result in a material adverse effect on the business, operations or financial condition of the Issuer or the ability of the Issuer to perform its obligations under this Reimbursement Agreement or any of the Related Documents;

(10) no less than **10** Business Days prior to the issuance by the Issuer of any Additional Bonds pursuant to the Resolution, a certificate or certificates of an authorized officer of the Issuer demonstrating compliance by the Issuer with the covenants contained in Section 6.02 of the Resolution, together with all documents and showings required by said Section 6.02 in connection therewith;

(11) at the same time as the same shall be sent, a copy of any notice or certification sent by the Issuer, and within **10** days after receipt by the Issuer, a copy of any notice or correspondence received by the Issuer, in either case pursuant to Section 5.07, 5.11, Article VII or Article VIII of the Resolution; and

(12) such other information respecting the business, properties, condition or operations, financial or otherwise, of the Issuer as the Bank may from time to time reasonably request.

(j) Payment of Obligations. Pay when due all of its obligations and liabilities, except where the same are being contested in good faith by appropriate proceedings diligently prosecuted.

(k) Registration of Series 2006 Bonds. Cause all Series 2006 Bonds which it acquires, or which it has had acquired for its account, to be registered forthwith in accordance with the provisions hereof and of the Series Resolution in its name or, if acquired with funds drawn under the Letter of Credit, in the name of the Bank or its designee.

(l) Further Assurances. Upon the request of the Bank, duly execute and deliver or cause to be duly executed and delivered to the Bank such further instruments and do and cause to be done such further acts that may be necessary or proper in the reasonable opinion of the Bank to carry out more effectively the provisions and purposes of this Reimbursement Agreement and the Related Documents.

(m) State Taxes. In the event this Reimbursement Agreement or the Letter of Credit should be subject to the excise tax on documents or the intangible personal property tax of the State, the Issuer shall pay such taxes or reimburse the Bank for any such taxes paid by it.

**Section 5.02. Automatic Payment Procedure.** The Issuer authorizes the Bank to effect payment of sums due hereunder from an account of the Issuer by means of an automatic debit system reasonably acceptable to the Bank. The Issuer shall from time to time designate to the Bank the account from which automatic debits shall be made and shall execute such forms as shall be necessary to authorize the same. This authorization shall not affect the obligations of the Issuer to pay such sums when due without notice, if there are insufficient funds in such account to make such payment in full on the due date thereof or if the Bank fails to debit the account.



**Section 5.03. Redemption of Bonds.** The Issuer agrees to cause to be called for redemption on or before each July 1 (or the next succeeding Business Day if July 1 is not a Business Day), commencing July 1, 2008, at least the principal amount of the Series 2006 Bonds set forth in the table below:

Date (July 1)	Amount of Series 2006 Bonds to be Redeemed
2008	
2009	
2010	
2011	
2012	
2013	
2014	
2015	
2016	
2017	
2018	
2019	
2020	
2021	
2022	
2023	
2024	
2025	
2026	
2027	
2028	
2029	
2030	
2031	
2032	
2033	
2034	
2035*	

\*Maturity, not a redemption.

Any redemption of Series 2006 Bonds in excess of the amount required by the preceding sentence will be applied as a credit against the required redemptions in inverse order of the due date, or, with the consent of the Bank, as selected by the Issuer and communicated to the Bank in writing.

## ARTICLE VI

### EVENTS OF DEFAULT

**Section 6.01. Events of Default.** The occurrence of any of the following events shall be an "Event of Default" hereunder:

(a) The Issuer shall fail to pay any amount payable to the Bank hereunder on the date when due; or

(b) Any representation, warranty, certification or statement made by the Issuer herein or in the Resolution shall prove to have been false, misleading or incomplete on the date as of which

made in any respect material and adverse to the financial condition of the Issuer or its ability to perform its obligations hereunder as the same come due, or to the ability of the Bank to accurately analyze the financial condition of the Issuer or its ability to perform its obligations hereunder as the same become due; or

(c) The Issuer shall fail to perform or observe the provisions of **Sections 5.01(a), (i) or (h)** of this Reimbursement Agreement; or

(d) The Issuer shall fail to perform or observe any other term, covenant or agreement contained in this Reimbursement Agreement, other than as specifically addressed elsewhere in this **Section 6.01**, on its part to be performed or observed and any such failure shall remain unremedied for a period of **30** days after the date upon which the Issuer first becomes aware thereof or upon which written notice of such failure, requiring the same to be remedied, shall have been given to the Issuer by the Bank; or

(e) Liquidation or dissolution of the Issuer, or suspension of the business of the Issuer or filing by the Issuer of a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization, arrangement, readjustment of its debts or for any other relief under the Bankruptcy Code, as amended, or under any other insolvency act or law, state, Federal or foreign, now or hereafter existing, or any other action of the Issuer indicating its consent to, approval of, or acquiescence in any such petition or proceeding; the application by the Issuer for, or the appointment by or with the consent or acquiescence of the Issuer of, a receiver, a trustee or a custodian for the Issuer; the application by the Issuer for, or the consent to or acquiescence of the Issuer in, an assignment for the benefit of creditors; or the inability of the Issuer or the admission by the Issuer in writing of its inability to pay its debts as they mature; or

(f) Filing of an involuntary petition against the Issuer in bankruptcy or seeking reorganization, arrangement, readjustment of its debts or for any other relief under the Bankruptcy Code, as amended, or under any other insolvency act or law, state, federal or foreign, now or hereafter existing; or the involuntary appointment of a receiver, a trustee or a custodian of the Issuer or for all or a substantial part of its property; the issuance of a warrant of attachment, execution or similar process against any substantial part of the property of the Issuer and the continuance of any of such events for **60** days undismissed, undischarged or unstayed; or

(g) Any provision of this Reimbursement Agreement or the Resolution shall at any time for any reason cease to be valid and binding on the Issuer, or shall be declared to be null and void by a court of competent jurisdiction in a final, nonappealable order, or the validity or enforceability thereof shall be contested by the Issuer, or a proceeding shall be commenced by any governmental agency or authority having jurisdiction over the Issuer seeking to establish the invalidity or unenforceability thereof, or the Issuer shall deny that it has any or further liability or obligation thereunder; or

(h) The Series 2006 Bonds for any reason shall be determined to be invalid; or

(i) The Issuer shall default in the due and punctual payment or performance of covenants under any obligation for the payment of money to the Bank or any other subsidiary or affiliate of Bank of America Corporation; or

(j) A judgment or order shall be rendered against the Issuer for the payment of money and such judgment or order shall continue unsatisfied or unstayed for a period of more than **30** days.

**Section 6.02. Rights Upon an Event of Default.** Upon the occurrence of an Event of Default, and

at any time thereafter unless and until such Event of Default has been waived by the Bank or cured to the satisfaction of the Bank, the Bank shall be entitled to take any of the following actions without prejudice to the rights of the Bank to enforce its claims against the Issuer, except as otherwise specifically provided for herein:

(a) Notice to Paying Agent. If the Event of Default is a Designated Event of Default, send a notice to the Paying Agent that a Designated Event of Default hereunder has occurred and is continuing and has not been waived by the Bank and directing the Paying Agent to immediately draw upon the Letter of Credit for the aggregate unpaid principal amount of the Series 2006 Bonds and interest accrued thereon as further described in Section 30 of the Series Resolution.

(b) Enforcement of Rights. Enforce any and all rights and interests created and existing hereunder or under any of the other Related Documents and all rights of set-off.

**Section 6.03. No Remedy Exclusive.** No remedy herein conferred upon or reserved to the Bank is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder, under the Resolution or the other Related Documents, or now or hereafter existing at law or in equity or by statute.

## ARTICLE VII

### MISCELLANEOUS

**Section 7.01. Amendments, Etc.** No amendment or waiver of any provision of this Reimbursement Agreement, nor consent to any departure by the Issuer therefrom, shall in any event be effective unless the same shall be in writing and signed by the Bank and then such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

**Section 7.02. Notices.** All notices and other communications provided for hereunder shall be in writing (including required copies) and sent by telefacsimile, certified or regular U.S. mail or receipted hand delivery or overnight common courier, at the following addresses, or, as to each party at such other address as shall be designated by such party in a written notice to other party.

To the Issuer: Monroe County, Florida  
1100 Simonton Street  
Key West, Florida 33040  
Attention: County Administrator  
Facsimile: 305-292-4544

To the Bank: Bank of America, N.A.  
Attention: Notice Desk  
3rd Floor  
9000 Southside Boulevard  
Building 100  
Jacksonville, Florida 32256  
Facsimile: 877-254-2975

and

Bank of America, N.A.  
FL4-577-04-04  
4501 Tamiami Trail North  
Suite 400  
Naples, Florida 34103  
Facsimile:(239) 659-2284

**Section 7.03. No Waiver.** No failure on the part of the Bank to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right.

**Section 7.04. Indemnification.** To the maximum extent permitted by law, the Issuer shall indemnify and hold the Bank harmless from and against any and all claims, damages, losses, liabilities, costs or expenses which the Bank may incur or which may be claimed against the Bank by any person or entity:

(a) by reason of any inaccuracy or alleged inaccuracy in any material respect, or any untrue statement or alleged untrue statement of any material fact, contained in the Official Statement or any amendment or supplement thereto, or by reason of the omission or alleged omission to state therein a material fact necessary to make such statements, in light of the circumstances under which they were made, not misleading, except that the Issuer shall not be required to indemnify and hold the Bank harmless from and against any such claim, damage, loss, liability, cost or expense arising out of any inaccurate or incomplete information provided by the Bank for inclusion in the Official Statement; or

(b) by reason of or in connection with the execution, delivery or performance by the Issuer of this Reimbursement Agreement or any other Related Document to which the Issuer is a party or any transaction contemplated thereby;

(c) by reason of or in connection with the execution and delivery or transfer of, or payment or failure to make payment under, the Letter of Credit; provided, however, that the Company shall not be required to indemnify the Bank pursuant to this Section 7.04(c) for any claims, damages, losses, liabilities, costs or expenses to the extent caused by the Bank's negligence or willful misconduct in failing to make lawful payment under the Letter of Credit after the presentation to it by the Paying Agent of a draft and certificate strictly complying with the terms and conditions of the Letter of Credit or any other damage or liability resulting from its gross negligence or misconduct.

Without prejudice to the survival of any other obligation of the Issuer hereunder, the indemnities and obligations of the Issuer contained in this **Section 7.04** shall survive the payment in full of amounts payable pursuant to **Article II** and the termination of the Letter of Credit.

**Section 7.05. Liability of the Bank.** The Issuer assumes all risks of the acts or omissions of the Paying Agent and any other beneficiary or transferee of the Letter of Credit with respect to its use of the Letter of Credit. Neither the Bank nor any of its officers or directors shall be liable or responsible for: (a) the use which may be made of the Letter of Credit or any acts or omissions of the Paying Agent and any other beneficiary or transferee in connection therewith; (b) the validity, sufficiency or genuineness of documents, or of any endorsement thereon, even if such document should prove to be in any or all respects invalid, insufficient, fraudulent or forged; (c) payment by the Bank against presentation of documents which do not comply with the terms of the Letter of Credit, including failure of any documents to bear any reference or adequate reference to the Letter of Credit; or (d) any other circumstances whatsoever in making or failing to make payment under the Letter of Credit, except that the Issuer shall have a claim against the Bank, and the Bank shall be liable to the Issuer, to the extent of any direct, as opposed to consequential, damages,

suffered by the Issuer which the Issuer proves were caused by the Bank's (i) gross negligence or willful misconduct in determining whether documents presented under the Letter of Credit complied with the terms of the Letter of Credit or (ii) wrongful failure to make any lawful payment under the Letter of Credit after the presentation to it by the Paying Agent of a draft and certificate strictly complying with the terms and conditions of the Letter of Credit. In furtherance and not in limitation of the foregoing, the Bank may accept documents that appear on their face to be in order, without responsibility for further investigation.

**Section 7.06. Costs, Expenses and Taxes.** The Issuer agrees to pay immediately when due all reasonable costs and expenses in connection with the preparation, execution, delivery, filing, recording, and administration and enforcement of or monitoring of compliance with this Reimbursement Agreement and any other documents which may be delivered in connection with this Reimbursement Agreement or the transactions contemplated hereby, including, without limitation, the reasonable out-of-pocket expenses of the Bank and reasonable fees and out of pocket expenses of counsel and any agents or consultants for the Bank, with respect thereto and with respect to advising the Bank as to its rights and responsibilities under this Reimbursement Agreement, and all reasonable costs and expenses (including counsel fees and expenses) in connection with (i) the preparation and enforcement of this Reimbursement Agreement and such other documents as may be delivered in connection herewith or therewith or (ii) any action or proceeding relating to a court order, injunction, or other process or decree restraining or seeking to restrain the Bank from paying any amount under the Letter of Credit. In addition, the Issuer shall pay any and all stamps and other taxes and fees payable or determined to be payable in connection with this Reimbursement Agreement and the Letter of Credit, and agrees to save the Bank harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees.

**Section 7.07. Binding Effect.** This Reimbursement Agreement shall become effective when it shall have been executed by the Issuer and the Bank and thereafter shall be binding upon and inure to the benefit of the Issuer and the Bank and their respective successors and assigns, except that the Issuer shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Bank. The Bank may, without cost or expense to the Issuer, assign or sell a participation in all or any part of, or any interest (undivided or divided) in, the Bank's rights and benefits under this Reimbursement Agreement to any financial institution; provided the Bank shall remain liable for all of its obligations hereunder and under the Letter of Credit. To the extent of any assignment by the Bank, the assignee shall have the same rights and benefits against the Issuer hereunder as it would have had if such assignee were the Bank issuing or paying under the Letter of Credit hereunder.

**Section 7.08. Severability.** Any provision of this Reimbursement Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

**Section 7.09. Headings.** Article and section headings in this Reimbursement Agreement are included herein for convenience of reference only and shall not constitute a part of this Reimbursement Agreement for any other purpose.

**Section 7.10. Prior Agreements Superseded.** This Reimbursement Agreement shall completely and fully supersede all prior undertakings or agreements, both written and oral, between the Issuer and the Bank relating to the issuance of the Letter of Credit, including those contained in any commitment letter between the Bank and the Issuer executed in anticipation of the issuance of the Letter of Credit, except for any provisions in such commitment letter which by their express terms survive issuance of the Letter of Credit.

**Section 7.11. Counterparts.** This Reimbursement Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same

instrument.

**Section 7.12. Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

**Section 7.13. Arbitration and Waiver of Jury Trial.**

(a) This Section 7.13 concerns the resolution of any controversies or claims between the parties, whether arising in contract, tort or by statute, that arise out of or relate to: (i) this Reimbursement Agreement (including any renewals, extensions or modifications); or (ii) any document related to this Reimbursement Agreement (collectively a "Claim"). For the purposes of this arbitration provision only, the term "parties" shall include any parent corporation, subsidiary or affiliate of the Bank involved in the servicing, management or administration of any obligation described or evidenced by this Reimbursement Agreement.

(b) At the request of any party to this Reimbursement Agreement, any Claim shall be resolved by binding arbitration in accordance with the Federal Arbitration Act (Title 9, U.S. Code) (the "Arbitration Act"). The Arbitration Act will apply even though this Reimbursement Agreement provides that it is governed by the law of a specified state. The arbitration will take place on an individual basis without resort to any form of class action.

(c) Arbitration proceedings will be determined in accordance with the Arbitration Act, the then-current rules and procedures for the arbitration of financial services disputes of the American Arbitration Association or any successor thereof ("AAA"), and the terms of this Section. In the event of any inconsistency, the terms of this paragraph shall control. If AAA is unwilling or unable to (i) serve as the provider of arbitration or (ii) enforce any provision of this arbitration clause, any party to this Reimbursement Agreement may substitute another arbitration organization with similar procedures to serve as the provider of arbitration.

(d) The arbitration shall be administered by AAA and conducted in Miami, Florida. All Claims shall be determined by one arbitrator; however, if Claims exceed Five Million Dollars (\$5,000,000), upon the request of any party, the Claims shall be decided by three arbitrators. All arbitration hearings shall commence within ninety (90) days of the demand for arbitration and close within ninety (90) days of commencement and the award of the arbitrator(s) shall be issued within thirty (30) days of the close of the hearing. However, the arbitrator(s), upon a showing of good cause, may extend the commencement of the hearing for up to an additional sixty (60) days. The arbitrator(s) shall provide a concise written statement of reasons for the award. The arbitration award may be submitted to any court having jurisdiction to be confirmed, judgment entered and enforced.

(e) The arbitrator(s) will give effect to statutes of limitation in determining any Claim and may dismiss the arbitration on the basis that the Claim is barred. For purposes of the application of the statute of limitations, the service on AAA under applicable AAA rules of a notice of Claim is the equivalent of the filing of a lawsuit. Any dispute concerning this arbitration provision or whether a Claim is arbitrable shall be determined by the arbitrator(s). The arbitrator(s) shall have the power to award legal fees pursuant to the terms of this Reimbursement Agreement.

(f) This Section does not limit the right of any party to: (i) exercise self-help remedies, such as but not limited to, setoff; (ii) initiate judicial or non-judicial foreclosure against any real or personal property collateral; (iii) exercise any judicial or power of sale rights, or (iv)

act in a court of law to obtain an interim remedy, such as but not limited to, injunctive relief, writ of possession or appointment of a receiver, or additional or supplementary remedies.

(g) The filing of a court action is not intended to constitute a waiver of the right of any party, including the suing party, thereafter to require submittal of the Claim to arbitration.

(h) By agreeing to binding arbitration, the parties irrevocably and voluntarily waive any right they may have to a trial by jury in respect of any Claim. Furthermore, without intending in any way to limit this agreement to arbitrate, to the extent any Claim is not arbitrated, the parties irrevocably and voluntarily waive any right they may have to a trial by jury in respect of such Claim. This provision is a material inducement for the parties entering into this Reimbursement Agreement.

**IN WITNESS WHEREOF**, the parties hereto have caused this Reimbursement Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

MONROE COUNTY, FLORIDA

Attest:

By: \_\_\_\_\_  
Name:  
Title: Mayor

By: \_\_\_\_\_  
Name:  
Title: \_\_\_\_\_ Clerk of the Circuit Court,  
ex-officio Clerk to the County Commission

BANK OF AMERICA, N.A.

By: \_\_\_\_\_  
Name: Holly Kuhlman  
Title: Senior Vice President



**EXHIBIT D**

**PURCHASE CONTRACT**

\$ \_\_\_\_\_  
MONROE COUNTY, FLORIDA  
AIRPORT VARIABLE RATE REVENUE BONDS  
(KEY WEST INTERNATIONAL AIRPORT), SERIES 2006

July \_\_, 2006

BOND PURCHASE AGREEMENT

Board of County Commissioners  
Monroe County, Florida  
The Historic Gato Cigar Factory  
1100 Simonton Street  
Key West, Florida 33040

Ladies and Gentlemen:

UBS Securities LLC (the "Underwriter"), offers to enter into this Bond Purchase Agreement with you, Monroe County, Florida (the "County"). This offer is made subject to written acceptance hereof by the County at or before 12:00 midnight, New York City time, on the date hereof. If not so accepted, this offer will be subject to withdrawal by the Underwriter upon written notice delivered to the County at any time prior to the acceptance hereof by the County.

1. Purchase and Sale. Upon the terms and conditions and in reliance on the representations, warranties, covenants and agreements set forth herein, the Underwriter hereby agrees to purchase from the County, and the County hereby agrees to sell and deliver to the Underwriter, all (but not less than all) of the \$ \_\_\_\_\_ aggregate principal amount of the Monroe County, Florida Airport Variable Rate Revenue Bonds (Key West International Airport), Series 2006 (the "Series 2006 Bonds"). The Series 2006 Bonds shall be dated their date of delivery and shall be payable in the years and principal amounts, bear interest at a Weekly Rate (as defined in the hereinafter described Resolution) and be subject to redemption prior to maturity, all as set forth in Exhibit A attached hereto. The purchase price for the Series 2006 Bonds shall be \$ \_\_\_\_\_ (representing the par amount of the Series 2006 Bonds, less Underwriter's discount of \$ \_\_\_\_\_). The purchase price shall be payable to the County in immediately available funds.

The Series 2006 Bonds shall be as described in, and shall be issued under the authority of and in full compliance with the Constitution and laws of the State of Florida, including Chapter 125, Florida Statutes, the Charter of the County and other applicable provisions of law (collectively, the "Act") and Resolution No. \_\_\_\_\_, adopted by the Board of County Commissioner (the "Board") of the County on June 21, 2006 (the "Bond Resolution"), as supplemented by Resolution No. \_\_\_\_\_, adopted by the Board on June 21, 2006 (the "Series Resolution," collectively with the Bond Resolution, the "Resolution"). Terms used in capitalized form and not defined herein have the meanings assigned to such terms in the Resolution.

The Series 2006 Bonds are being issued for the purpose of (i) paying or reimbursing a portion of the costs of the 2006 Project, (ii) funding a deposit to the Reserve Account and (iii) paying certain costs of issuance of the Series 2006 Bonds.

The Series 2006 Bonds are payable from and secured by the Pledged Funds, which include, among other things, Net Revenues and Other Available Moneys.

2. Delivery of Official Statement and Other Documents. (a) Prior to the date hereof, you have provided to the Underwriter the Preliminary Official Statement dated \_\_\_\_\_, 2006 (the "Preliminary Official Statement"), that you deemed final as of its date, except for certain permitted omissions (the "permitted omissions"), as contemplated by Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12" or the "Rule") in connection with the pricing of the Series 2006 Bonds. The County hereby confirms that the Preliminary Official Statement was final as of its date, except for the permitted omissions, and ratifies and confirms the use and distribution thereof by the Underwriter prior to the date hereof in connection with the public offering of the Series 2006 Bonds.

(b) The County shall deliver, or cause to be delivered, at its expense, to the Underwriter within seven (7) business days after the date hereof sufficient copies of the final printed Official Statement dated \_\_\_\_\_, 2006 (the "Official Statement") in form and substance satisfactory to the Underwriter. In determining whether the number of copies to be delivered by the County is sufficient, the number shall be sufficient to enable the Underwriter to comply with the requirements of Rule 15c2-12, all applicable rules of the Municipal Securities Rulemaking Board ("MSRB") and to fulfill its duties and responsibilities under Florida and federal securities laws generally.

The Underwriter agrees to file the Official Statement with a nationally recognized municipal securities information repository ("NRMSIR") which has been so designated by the Securities and Exchange Commission pursuant to Rule 15c2-12 and with the MSRB (accompanied by a completed Form G-36, if necessary) not later than two (2) business days after the Closing (as defined herein). The filing of the Official Statement with any such NRMSIR shall be in accordance with the terms and conditions applicable to such NRMSIR.

The County authorizes the use and distribution of the Official Statement in connection with the public offering and sale of the Series 2006 Bonds.

(c) From the date hereof to and including the date which is twenty-five days from the end of the underwriting period (as defined for purposes of Rule 15c2-12), if an event occurs which, in the opinion of the Underwriter or in the opinion of the County, requires a supplement or amendment to the Official Statement so that it will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, when it is delivered to a potential investor, the County will supplement or amend the Official Statement in a form and in a manner approved by the Underwriter and the County. The County will promptly notify the Underwriter of the occurrence of any event of which it has knowledge, which, in its opinion, is an event described in the preceding sentence. The amendments or supplements that may be

authorized for use with respect to the Series 2006 Bonds are hereinafter included within the term "Official Statement."

3. Public Offering. The Underwriter agrees to make a bona fide offering to the public of all of the Series 2006 Bonds at not in excess of the initial public offering price or prices (or below the yield or yields) set forth in Exhibit A hereto; provided, however, that the Underwriter may (i) offer and sell the Series 2006 Bonds to certain bond houses, brokers or to similar persons or organizations acting in the capacity of underwriters or wholesalers at prices lower (or yields higher) than the public offering prices (or yields) set forth in Exhibit A hereto and (ii) change such initial offering prices (or yields) as the Underwriter may deem necessary in connection with the marketing of the Series 2006 Bonds.

4. Good Faith Check. The County hereby acknowledges receipt of a corporate check payable to the County in an amount equal to \$\_\_\_\_\_ (the "Good Faith Check") as security for the performance by the Underwriter of its obligation to accept and pay for the Series 2006 Bonds at the Closing in accordance with the provisions of this Bond Purchase Agreement. The County shall retain the check, uncashed, except under the circumstances hereinafter set forth. In the event the County fails to deliver the Series 2006 Bonds at the Closing, or if the County shall be unable to satisfy the conditions to the obligations of the Underwriter contained in this Bond Purchase Agreement or if such obligations shall be terminated for any reason permitted by this Bond Purchase Agreement, the County shall be obligated to immediately return the uncashed Good Faith Check to the Underwriter. In the event the Underwriter accepts and pays for the Series 2006 Bonds at Closing, the uncashed Good Faith Check shall be returned to the Underwriter at Closing. In the event the Underwriter fails (other than for a reason permitted under this Bond Purchase Agreement) to accept and pay for the Series 2006 Bonds at Closing, the Good Faith Check may be cashed and the proceeds thereof shall be retained by the County as and for full liquidated damages for such failure, and not as a penalty, and for any and all defaults hereunder on the part of the Underwriter, and thereupon, all claims and rights hereunder against the Underwriter shall be fully released and discharged, it being understood by the County and the Underwriter that actual damages in such circumstances may be difficult or impossible to compute.

5. County Representations, Warranties, Covenants and Agreements. The County represents and warrants to and covenants and agrees with the Underwriter that, as of the date hereof and as of the date of the Closing:

(a) The County is a political subdivision of the State of Florida duly organized and validly existing under the Constitution and laws of the State of Florida, and has full legal right, power and authority to issue the Series 2006 Bonds, to undertake the acquisition and construction of the 2006 Project, all as described in the Resolution and as contemplated by the Official Statement.

(b) The County has full legal right, power and authority to enter into this Bond Purchase Agreement, to adopt the Resolution and to sell issue, and deliver the Series 2006 Bonds to the Underwriter as provided herein; by official action of the County taken prior to or concurrently with the acceptance hereof, the County has duly adopted the Resolution in accordance with the Act; the Resolution is in full force and has not been amended, modified or

rescinded; the County has duly authorized and approved the execution and delivery of, and the performance by the County of its obligations contained in, the Series 2006 Bonds, the Letters of Credit and Reimbursement Agreement (the "Reimbursement Agreement") between the County and Bank of America, N.A. (the "Bank"), to be dated the date of the Closing and this Bond Purchase Agreement; and the County has duly authorized and approved the performance by the County of its obligations contained in the Resolution and the consummation by it of all other transactions contemplated by the Resolution, the Reimbursement Agreement, the Official Statement, and this Bond Purchase Agreement to have been performed or consummated at or prior to the date of Closing; and the County is in compliance with the provisions of the Resolution.

(c) Except as disclosed in the Official Statement, the County is not and will not be in breach of or default under any applicable constitutional provision, law or administrative regulation of the State of Florida or the United States, or any authority or department of either, or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the County is a party or to which the County or any of its properties or other assets is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument, in any such case to the extent that the same would have a material and adverse effect upon the business or properties or financial condition of the County; and the execution and delivery of the Series 2006 Bonds, this Bond Purchase Agreement and the Reimbursement Agreement, and the adoption of the Resolution, and compliance by the County with the provisions contained therein, will not conflict with or constitute a breach of or default under the Act, or under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the County is a party or to which the County or any of its properties or other assets is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or the assets of the County under the terms of any such law, regulation or instrument, except as provided or permitted by the Series 2006 Bonds, the Resolution and the Reimbursement Agreement, as the case may be.

(d) All approvals, consents and orders of any governmental authority, legislative body, board, authority or commission having jurisdiction which would constitute a condition precedent to or the absence of which would materially and adversely affect the due performance by the County of its obligations under this Bond Purchase Agreement, the Resolution, the Reimbursement Agreement and the Series 2006 Bonds have been, or prior to the Closing will have been, duly obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Series 2006 Bonds.

(e) The Series 2006 Bonds, when issued, authenticated and delivered in accordance with the Resolution and sold to the Underwriter as provided herein and in accordance with the provisions of the Resolution, will be valid and legally enforceable obligations of the County in accordance with their terms and the terms of the Resolution, and the Resolution will provide, for the benefit of the holders from time to time of the Series 2006 Bonds, a legally valid and binding pledge of and interest in and to the Pledged Funds.

(f) The Preliminary Official Statement was, as of the date thereof, and the Official Statement is, and at all times subsequent hereto up to and including the date of the Closing will be true and correct in all material respects, and the Preliminary Official Statement did not, as of the date thereof, and the Official Statement does not, and at all times subsequent hereto up to and including the date of the Closing will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. In addition, any amendments or supplements to the Official Statement prepared and furnished by the County pursuant hereto will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(g) The Series 2006 Bonds, the Resolution and the Reimbursement Agreement shall conform in all material respects to the descriptions thereof contained in the Official Statement as it is delivered in final form.

(h) Except as contemplated by the Official Statement, since September 30, 2005, the County has not or will not have on or prior to the Closing incurred any material liabilities, direct or contingent, or entered into any material transaction, in each case other than in the ordinary course of its business with respect to the Airport, and there has not or shall not have been any material adverse change in the condition, financial or physical, of the Airport or its properties or other assets.

(i) Except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity before or by any court, government agency, or public board or body, pending or, to the best knowledge of the County, threatened, which may affect the legal existence of the County or the titles of its officers to their respective offices, or which may affect or which seeks to prohibit, restrain or enjoin the sale, issuance or delivery of the Series 2006 Bonds, the acquisition, construction and installation of the 2006 Project or the collection or use of the Net Revenues or Pledged Funds pledged or to be pledged, or the Other Available Moneys to be applied as contemplated in the Resolution, or which in any way contests or affects the validity or enforceability of the Series 2006 Bonds, the Resolution, this Bond Purchase Agreement, the Reimbursement Agreement, or any of them, or which may result in any material adverse change in the business, properties, other assets or financial condition of the Airport, or contests the tax-exempt status of the interest on the Series 2006 Bonds as described in the Official Statement, or which contests in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or which contests the power of the County or any authority or proceedings for the issuance and sale of the Series 2006 Bonds, the collection or use of the Pledged Funds, or Net Revenues or the Other Available Moneys, or the adoption of the Resolution, or the execution or delivery of this Bond Purchase Agreement, the Reimbursement Agreement, or any of them, nor, to the best knowledge of the County, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially and adversely affect the validity or enforceability of the Series 2006 Bonds, the Resolution, the Reimbursement Agreement, or this Bond Purchase Agreement.

(j) The County will furnish such information, execute such instruments and take such other action not inconsistent with law in cooperation with the Underwriter as the Underwriter

may reasonably request in order to (i) qualify the Series 2006 Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and (ii) determine the eligibility of the Series 2006 Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Series 2006 Bonds; provided that the County shall not be obligated to take any action that would subject it to general or special service of process in any state where it is not now so subject or qualify the County to do business in such other jurisdictions.

(k) The County will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement and will not effect any such amendment or supplement without such prior notice to the Underwriter. The County will advise the Underwriter promptly of the institution of any proceedings known to it prohibiting or otherwise affecting the use of the Official Statement in connection with the offering, sale or distribution of the Series 2006 Bonds.

(l) In the event the Series 2006 Bonds become subject to Rule 15c2-12, the County will enter, in accordance with Rule 15c2-12, into a written agreement or contract for the benefit of bondholders to provide to each NRMSIR and to the appropriate state information depository, if any, or the MSRB (where applicable) (a) certain annual financial information contained or incorporated by reference in the Official Statement, (b) timely notice of any of the eleven events specified in Rule 15c2-12 with respect to the Series 2006 Bonds, if material, and (c) timely notice of any failure of any obligated person to provide the required annual information on or before the date specified in such written agreement.

(m) The County has not failed during the previous five years to comply in all material respects with any previous undertakings in a written continuing disclosure undertaking pursuant to Rule 15c2-12.

6. The Closing. At 10:00 a.m., New York time, on \_\_\_\_\_, 2006, or at such earlier or later time or date to which the County and the Underwriter may mutually agree, the County will, subject to the terms and conditions hereof, deliver the Series 2006 Bonds to the Underwriter in full book-entry form, duly executed, together with the other documents hereinafter mentioned, and, subject to the terms and conditions hereof, the Underwriter will accept such delivery and pay the aggregate purchase price of the Series 2006 Bonds as set forth in Paragraph 1 hereof (such delivery of and payment for the Series 2006 Bonds is herein called the "Closing"). The County shall cause CUSIP identification numbers to be printed on the Series 2006 Bonds, but neither the failure to print such number on any Series 2006 Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Underwriter to accept delivery of and pay for the Series 2006 Bonds in accordance with the terms of this Bond Purchase Agreement. The Closing shall occur at the offices of the County, or such other place to which the County and the Underwriter shall have mutually agreed. The Series 2006 Bonds shall be prepared and delivered as fully registered bonds in authorized denominations and registered in full book-entry form in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), and shall be delivered to DTC during the business day prior to the Closing for purposes of inspection, unless the DTC "F.A.S.T." procedure is used which requires the Registrar to retain possession of the Series 2006 Bonds.

7. Closing Conditions. The Underwriter has entered into this Bond Purchase Agreement in reliance upon the representations, warranties, covenants and agreements of the County contained herein and in reliance upon the representations, warranties, covenants and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the County of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriter's obligations under this Bond Purchase Agreement to purchase, to accept delivery of and to pay for the Series 2006 Bonds shall be conditioned upon the performance by the County of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions:

(a) The representations, warranties, covenants and agreements of the County contained herein shall be true, complete and correct on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing;

(b) At the time of Closing, the Resolution and this Bond Purchase Agreement shall be in full force and effect and shall not have been amended, modified or supplemented since the date hereof without the prior written consent of the Underwriter, and the Official Statement as delivered to the Underwriter on the date hereof shall not have been supplemented or amended, except in any such case as permitted by this Bond Purchase Agreement;

(c) At the time of the Closing, all official action of the County relating to this Bond Purchase Agreement, the Series 2006 Bonds, the Resolution, the Letter of Credit and the Reimbursement Agreement taken as of the date hereof shall be in full force and effect and shall not have been amended, modified or supplemented, except for amendments, modifications or supplements which have been approved by the Underwriter prior to the Closing;

(d) At or prior to the Closing, the Underwriter shall have received copies of each of the following documents:

(1) An opinion, dated the date of the Closing and addressed to the County, of Nabors, Giblin & Nickerson, P. A., Tampa, Florida, Bond Counsel ("Bond Counsel"), in substantially the form attached as Appendix B to the Official Statement, accompanied by a letter authorizing the Underwriter to rely thereon as though such opinion was addressed to the Underwriter;

(2) An opinion, dated the date of the Closing and addressed to the Underwriter, of Bond Counsel, in substantially the form attached hereto as Exhibit C;

(3) An opinion, dated the date of Closing and addressed to the Underwriter, of Suzanne Hutton, Interim County Attorney, in substantially the form attached hereto as Exhibit D;

(4) An opinion, dated the date of the Closing and addressed to the Underwriter of Bryant Miller Olive, Disclosure Counsel, in substantially the form attached hereto as Exhibit E;



(5) A certificate, dated the date of the Closing, signed by the County Administrator and County Clerk of the County or other authorized officer of the County in substantially the form attached hereto as Exhibit F (but in lieu of or in conjunction with such certificate the Underwriter may, in their sole discretion, accept certificates or opinions of Bond Counsel, the County Attorney, Disclosure Counsel, or of other counsel acceptable to the Underwriter, that in the opinion of such counsel the issues raised in any pending or threatened litigation referred to in such certificate are without substance or that the contentions of all plaintiffs therein are without merit);

(6) A certificate, dated the date of the Closing, signed by the Airport Director of the County to the effect that the information contained in the Preliminary Official Statement and in the Official Statement under the heading "THE AIRPORT" is accurate and does not omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading;

(7) A copy of the executed Report of the Airport Consultant dated \_\_\_\_\_, 2006;

(8) A certificate, dated the date of the Closing, signed by Newton & Associates, Inc., as Airport Consultant, authorizing the use of its report as Appendix C in the Preliminary Official Statement and the Official Statement and certifying that the information contained in the Preliminary Official Statement and the Official Statement under the heading "AVIATION AND AIRLINE INDUSTRY" is accurate and does not omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(9) Certified copies of the proceedings of the County authorizing and approving the Series 2006 Bonds including, the Resolution;

(10) A copy of the executed Reimbursement Agreement;

(11) A copy of the Letter of Credit;

(12) A certificate of an officer of the Bank dated the date of the Closing and addressed to the Underwriter, concerning the Bank, the Letter of Credit, the Reimbursement Agreement and the information relating to the Bank and the Letter of Credit contained in the Official Statement, in form and substance satisfactory to the Underwriter;

(13) An opinion, dated the date of the Closing and addressed to the Underwriter, of counsel for the Bank, in such form as is mutually and reasonably acceptable to the County and the Underwriter;

(14) Evidence of a "\_\_\_" rating from Fitch Ratings ("Fitch"), a "\_\_\_" rating from Standard & Poor's Ratings Services ("S&P") and a "\_\_\_" rating from Moody's Investors Service Inc. ("Moody's") on the Series 2006 Bonds based on the Letter of Credit;

(15) Copy of the DTC Letter of Representations; and

(16) Such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing, of the representations, warranties, covenants and agreements of the County contained herein and the truth, accuracy and completeness of the statements and information contained in the Official Statement and the due performance or satisfaction by the County on or prior to the date of the Closing of all agreements then to be performed and conditions then to be satisfied by it.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Bond Purchase Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriter, with such exceptions and modifications as shall be approved by the Underwriter and as shall not, in the opinion of the Underwriter, materially impair the investment quality of the Series 2006 Bonds. The opinions and certificates referred to in clauses (2), (3), (4) and (5) of this subparagraph (d) shall be deemed satisfactory provided they are substantially in the forms attached as exhibits to this Bond Purchase Agreement.

If the County shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Series 2006 Bonds contained in this Bond Purchase Agreement, or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Series 2006 Bonds shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate and neither the Underwriter nor the County shall be under any further obligation hereunder, except that the respective obligations of the County and the Underwriter set forth in Paragraph 9 hereof shall continue in full force and effect.

8. Termination. The Underwriter may terminate this Bond Purchase Agreement by written notice to the County in the event that between the date hereof and the Closing:

(a) the marketability of the Series 2006 Bonds or the market price thereof, in the reasonable opinion of the Underwriter, has been materially adversely affected by an amendment to the Constitution of the United States or by any legislation (other than any actions taken by either House of Congress on or prior to the date hereof) (i) enacted or adopted by the United States, (ii) recommended to the Congress or otherwise endorsed for passage, by press release, other form of notice or otherwise, by the President of the United States, the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, the Treasury Department of the United States or the Internal Revenue Service, or (iii) favorably reported out of the appropriate Committee for passage to either House of the Congress by any full Committee of such House to which such legislation has been referred for consideration, or by any decision of any court of the United States or by any order, rule or regulation (final, temporary or proposed) on behalf of the Treasury Department of the United States, the Internal Revenue Service or any other authority or regulatory body of the United States, or by a release or announcement or communication issued or sent by the Treasury Department or the Internal Revenue Service of the United States, or any comparable legislative, judicial or administrative development affecting the federal tax status of

the County, its property or income, obligations of the general character of the Series 2006 Bonds, as contemplated hereby, or the interest thereon; or

(b) any legislation, rule, or regulations shall be introduced in, or be enacted or adopted in the State of Florida, or a decision by any court of competent jurisdiction within the State of Florida shall be rendered which, in the reasonable opinion of the Underwriter, materially adversely affects the market for the Series 2006 Bonds or the sale, at the contemplated offering prices, by the Underwriter of the Series 2006 Bonds to be purchased by them; or

(c) any amendment to the Official Statement is proposed by the County or deemed necessary by Bond Counsel, Disclosure Counsel or the Underwriter which, in the reasonable opinion of the Underwriter, materially adversely affects the market for the Series 2006 Bonds or the sale, at the contemplated offering prices, by the Underwriter of the Series 2006 Bonds to be purchased by them; or

(d) there shall have occurred any outbreak or escalation of hostility, declaration by the United States of a national emergency or war or other calamity or crisis the effect of which on financial markets is such as to make it, in the sole judgment of the Underwriter, impractical or inadvisable to proceed with the offering or delivery of the Series 2006 Bonds as contemplated by the Official Statement (exclusive of any amendment or supplement thereto), or

(e) legislation shall be enacted or adopted, or any action shall be taken by, or on behalf of, the Securities and Exchange Commission which, in the reasonable opinion of Bond Counsel, has the effect of requiring the contemplated distribution of the Series 2006 Bonds to be registered under the Securities Act of 1933, as amended, or the Resolution to be qualified under the Trust Indenture Act of 1939, as amended, or any laws analogous thereto relating to governmental bodies, and compliance therewith cannot be accomplished prior to the Closing; or

(f) legislation shall be introduced by amendment or otherwise in or be enacted by, the House of Representatives or the Senate of the Congress of the United States, or a decision by a Court of the United States of America shall be rendered, or a stop order, ruling, release, regulation, official statement or no-action letter by or on behalf of the Securities and Exchange Commission or any other governmental authority having jurisdiction of the subject matter of the Series 2006 Bonds shall have been proposed, issued or made (which is beyond the control of the Underwriter or the County to prevent or avoid) to the effect that the issuance, offering or sale of the Series 2006 Bonds as contemplated hereby or by the Official Statement, or any document relating to the issuance, offering or sale of the Series 2006 Bonds is or would be in violation of any of the federal securities laws at Closing, including the Securities Act of 1933, as amended and then in effect, the Securities Exchange Act of 1934, as amended and then in effect, or the Trust Indenture Act of 1939, as amended and then in effect, or with the purpose or effect of otherwise prohibiting the offering and sale of obligations of the general character of the Series 2006 Bonds, or the Series 2006 Bonds, as contemplated hereby; or

(g) there shall have occurred, after the signing hereof, either a financial crisis or a default with respect to the debt obligations of the County or proceedings under the federal or State of Florida bankruptcy laws shall have been instituted by the County, in either case the effect of which, in the reasonable judgment of the Underwriter, is such as to materially and

adversely affect (i) the market price or the marketability of the Series 2006 Bonds, or (ii) the ability of the Underwriter to enforce contracts for the sale of the Series 2006 Bonds; or

(h) a general banking moratorium shall have been declared by the United States, New York or Florida authorities, which in the opinion of the Underwriter, materially adversely affects the market for the Series 2006 Bonds or the sale, at the contemplated offering prices, by the Underwriter of the Series 2006 Bonds to be purchased by them; or

(i) any national securities exchange, or any governmental authority, shall impose, as to the Series 2006 Bonds or obligations of the general character of the Series 2006 Bonds any material restrictions not now in force, or increase materially those now in force, with respect to the establishment of material restrictions upon trading of securities, including limited or minimum prices, by any governmental authority or by any national securities exchange, which in the reasonable opinion of the Underwriter, materially adversely affects the market for the Series 2006 Bonds or the sale, at the contemplated offering prices, by the Underwriter of the Series 2006 Bonds to be purchased by them; or

(j) legal action shall have been filed against the County wherein an adverse ruling would materially adversely affect the transactions contemplated hereby or by the Official Statement or the validity of the Series 2006 Bonds, the Resolution, the Pledged Funds, the Reimbursement Agreement or this Bond Purchase Agreement; provided, however, that as to any such litigation, the County may request and the Underwriter may accept an opinion by Bond Counsel, County Attorney or of other counsel acceptable to the Underwriter, that in such counsel's opinion the issues raised by any such litigation or proceeding are without substance or that the contentions of any plaintiffs therein are without merit; or

(k) any information shall have become known which, in the Underwriter's reasonable opinion, makes untrue, incorrect or misleading in any material respect any statement or information contained in the Official Statement, as the information contained therein has been supplemented or amended by other information, or causes the Official Statement, as so supplemented or amended, to contain an untrue, incorrect or misleading statement of a material fact or to omit to state a material fact required or necessary to be stated therein in order to make the statements made therein, in light of the circumstances under which they were made, not misleading and upon the receipt of notice of same by the County, the County fails to promptly amend or supplement the Official Statement; or

(l) an event occurs as a result of which the Official Statement, as then amended or supplemented, would include an untrue statement of a material fact or omit to state any material fact which is required or necessary to be stated therein in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading which, in the reasonable opinion of the Underwriter, requires an amendment or supplement to the Official Statement and, in the reasonable opinion of the Underwriter, materially adversely affects the marketability of the Series 2006 Bonds or the contemplated offering prices thereof and upon the receipt of notice by the County, the County fails to promptly amend or supplement the Official Statement; or

(m) trading in the County's outstanding securities shall have been suspended by the Securities and Exchange Commission or trading in securities generally on the New York Stock Exchange shall have been suspended or limited or minimum prices shall have been established on such Exchange.

9. Expenses. The Underwriter shall be under no obligation to pay, and the County shall pay, any expenses incident to the performance of the obligations of the County hereunder including, but not limited to: (a) the cost of preparation, printing or other reproduction of the Resolution; (b) the cost of preparation and printing of the Series 2006 Bonds; (c) the fees and disbursements of Bond Counsel, Disclosure Counsel and the County Attorney; (d) the fees and disbursements of any other experts, consultants or advisors retained by the County; (e) fees for bond ratings; (f) the premium for the Letter of Credit; (g) the fees and expenses of the Registrar, the Paying Agent and of their respective counsel; (h) the costs of preparing, printing and delivering the Preliminary Official Statement, the Official Statement and any supplements or amendments to either of them; and (i) expenses (including in the expense component of the Underwriter's Discount) incurred on behalf of the County's employees which are incidental to implementing this agreement, including, but not limited to meals and transportation of those County employees; however, the County shall have no obligation to pay any fees, costs or other amounts relating to any supplements or amendments to the Official Statement required as a result of incorrect information provided by the Underwriter or to the extent such amendment or supplement is prepared after the period described in paragraph 2(c) hereof (provided that for purposes of this paragraph, the end of the underwriting period shall be deemed to be the date of the Closing).

The Underwriter shall pay: (a) the cost of any related filing fees under state securities laws; (b) all advertising expenses; and (c) all other expenses incurred by them or any of them in connection with the public offering of the Series 2006 Bonds, including the fees and disbursements of Counsel to the Underwriter. In the event that either party shall have paid obligations of the other as set forth in this Section 9, adjustment shall be made at the time of the Closing.

10. Notices. Any notice or other communication to be given to the County under this Bond Purchase Agreement may be given by delivering the same in writing at its address set forth above to the attention of the County Administrator, and any notice or other communication to be given to the Underwriter may be given by delivering the same in writing to UBS Securities LLC, 200 South Orange Avenue, Suite 2000, Orlando, Florida 32801, Attention: Phillip N. Brown, Director.

11. Parties in Interest. This Bond Purchase Agreement is made solely for the benefit of the County and the Underwriter (including the successors or assignees of the County or the Underwriter) and no other party or person shall acquire or have any right hereunder or by virtue hereof. All representations, warranties, covenants and agreements in this Bond Purchase Agreement shall remain operative and in full force and effect, regardless of: (i) any investigations made by or on behalf of the Underwriter; (ii) the delivery of and payment for the Series 2006 Bonds pursuant to this Bond Purchase Agreement; or (iii) any termination of this Bond Purchase Agreement but only to the extent provided by the last paragraph of Section 7 hereof.

12. Waiver. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the County hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriter may be waived by the Underwriter, in their sole discretion.

13. Effectiveness. This Bond Purchase Agreement shall become effective upon the execution of the acceptance hereof by the Mayor and shall be valid and enforceable at the time of such acceptance.

14. Counterparts. This Bond Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

15. Headings. The headings of the sections of this Bond Purchase Agreement are inserted for convenience only and shall not be deemed to be a part hereof.

16. Florida Law Governs. The validity, interpretation and performance of this Bond Purchase Agreement shall be governed by the laws of the State of Florida.

17. Truth In Bonding Statement. Pursuant to the provisions of Section 218.385(2) and (3), Florida Statutes, as amended, the Underwriter provides the following truth-in-bonding statement:

(a) The County is proposing to issue \$\_\_\_\_\_ of its Airport Variable Rate Revenue Bonds (Key West International Airport), Series 2006, for the purposes of (i) paying or reimbursing a portion of the costs of the 2006 Project, (ii) funding a deposit into the Reserve Account and (iii) paying certain costs of issuance of the Series 2006 Bonds, as described in the Resolution and as contemplated by the Official Statement. This obligation is expected to be repaid over a period of approximately \_\_ years. At a true interest cost of approximately \_\_\_\_\_%, total interest paid over the life of the obligations will be \$\_\_\_\_\_.

(b) The sources of repayment for the Series 2006 Bonds are the Pledged Funds (as described in Paragraph 1 hereof). Authorizing this obligation will result in an average of \$\_\_\_\_\_ not being available to finance other airport services of the County every year for approximately \_\_ years.

18. Entire Agreement. This Bond Purchase Agreement when accepted by you in writing as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the County and the Underwriter (including the successors or assigns of the County or the Underwriter). No other person shall acquire or have any right hereunder or by virtue hereof.

Very truly yours,

UBS SECURITIES LLC

By: \_\_\_\_\_  
Authorized Signatory

By: \_\_\_\_\_  
Authorized Signatory

Accepted by:

MONROE COUNTY, FLORIDA

By: \_\_\_\_\_  
Mayor

EXHIBIT A  
TERMS OF BONDS

Maturity Schedule

<u>Maturity</u> <u>October 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
	\$	Weekly Rate	%

**[Extraordinary Redemption]**

[insert any Extraordinary Redemptions]

**Optional Redemption**

[insert Optional Redemption Provisions]

**Mandatory Redemption**

[insert Mandatory Redemption Provisions]



EXHIBIT B

\$ \_\_\_\_\_  
MONROE COUNTY, FLORIDA  
AIRPORT VARIABLE RATE REVENUE BONDS  
(KEY WEST INTERNATIONAL AIRPORT), SERIES 2006

DISCLOSURE STATEMENT

\_\_\_\_\_, 2006

Board of County Commissioners  
Monroe County, Florida  
The Historic Gato Cigar Factory  
1100 Simonton Street  
Key West, Florida 33040

Ladies and Gentlemen:

In connection with the proposed issuance by Monroe County, Florida (the "County"), of the above-referenced Bonds (the "Series 2006 Bonds"), UBS Securities LLC (the "Underwriter") has agreed to underwrite a public offering of the Series 2006 Bonds. Arrangement for underwriting the Series 2006 Bonds will include a Bond Purchase Agreement between the County and the Underwriter.

The purpose of this letter is to furnish, pursuant to the provisions of Section 218.385(6), Florida Statutes, as amended, certain information in respect to the arrangement contemplated for the underwriting of the Series 2006 Bonds as follows:

(a) The nature and estimated amount of expenses to be incurred by the Underwriter and paid by the Underwriter in connection with the purchase and offering of the Series 2006 Bonds are set forth on Schedule I attached hereto.

(b) No person has entered into an understanding with the Underwriter, or to the knowledge of the Underwriter, with the County for any paid or promised compensation or valuable consideration, directly or indirectly, expressly or implied, to act solely as an intermediary between the County and the Underwriter for the purpose of influencing any transaction in the purchase of the Series 2006 Bonds.

(c) The amount of underwriting spread, including the management fee, expected to be realized is as follows:

	<u>Per \$1,000 Bond</u>	<u>Dollar Amount</u>
Average Takedown	\$	\$
Management Fee		
Underwriter's Expense		
Total Underwriting Spread	\$	\$

(d) No other fee, bonus or other compensation is estimated to be paid by the Underwriter in connection with the issuance of the Series 2006 Bonds to any person not regularly employed or retained by the Underwriter (including any "finder," as defined in Section 218.386(1)(a), Florida Statutes, as amended), except as specifically enumerated as expenses to be incurred and paid by the Underwriter, as set forth in Schedule I attached hereto.

(e) The name and address of the Underwriter is set forth below:

UBS Securities LLC  
200 South Orange Avenue  
Suite 2000  
Orlando, Florida 32801

We understand that you do not require any further disclosure from the Underwriter, pursuant to Section 218.385(6)(g), Florida Statutes, as amended.

Very truly yours,

UBS Securities LLC,

By: \_\_\_\_\_  
Authorized Signatory

By: \_\_\_\_\_  
Authorized Signatory

## SCHEDULE I

### ESTIMATED UNDERWRITER'S EXPENSES

	<u>Per \$1,000 Bond<sup>(1)</sup></u>	<u>Dollar Amount</u>
Underwriter's Counsel Fee and Expenses	\$	\$
DALCOMP		
DTC Fee		
CUSIP		
BMA Fee		
Interest on Day Loan		
Interest on Good Faith Check		
Municipal Syndication Services		
Miscellaneous		
Total Expenses		

(1) May not add due to rounding.

EXHIBIT C  
OPINION OF BOND COUNSEL

[Date of Closing]

UBS Securities LLC  
200 South Orange Avenue  
Suite 2000  
Orlando, Florida 32801

Ladies and Gentlemen:

We have served as Bond Counsel to Monroe County, Florida (the "County") in connection with the issuance and sale of its \$ \_\_\_\_\_ aggregate principal amount of Airport Variable Rate Revenue Bonds (Key West International Airport), Series 2006 (the "Series 2006 Bonds"), to UBS Securities LLC, the Underwriter named in the Bond Purchase Agreement dated \_\_\_\_\_, 2006 between the County and the Underwriter. Terms used herein which are defined in said Bond Purchase Agreement shall have the meanings specified therein.

We have examined, among other things, the Act, the Resolution, the proceedings of the County with respect to the authorization and issuance of the Series 2006 Bonds and the authorization, execution and delivery the Bond Purchase Agreement and the Official Statement, and certificates and other documents relating to the County, the Series 2006 Bonds, the Resolution and the Bond Purchase Agreement, and have made such other examination of applicable Florida and other laws as we have deemed necessary in giving this opinion.

Based upon the foregoing, we are of the opinion that:

(a) The Series 2006 Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Resolution is exempt from qualification under the Trust Indenture Act of 1939, as amended.

(b) The information contained in the Official Statement under the captions ["INTRODUCTORY STATEMENT," "THE PROJECT AND APPLICATION OF PROCEEDS," "THE SERIES 2006 BONDS" (excluding the subheading "Book-Entry Only System"), "PLEDGED FUNDS," "THE RESOLUTION," and in "APPENDIX D – COPY OF THE RESOLUTION" and in "APPENDIX G – FORM OF CONTINUING DISCLOSURE CERTIFICATE,"] insofar as such information constitutes descriptions or summaries, as applicable, of the Series 2006 Bonds, the Resolution and the Act, presents a fair and accurate description or summary, as applicable, of such documents and of the Act. The information in the Official Statement on the cover relating to our opinion and under the caption "TAX MATTERS" are accurate statements or summaries of the matters therein set forth.

We hereby consent to references to us contained in the Official Statement.

We are furnishing this letter to you, as Underwriter of the Series 2006 Bonds, solely for your benefit. The letter is not to be used, circulated, quoted or otherwise referred to for any other purpose.

Very truly yours,

EXHIBIT D

OPINION OF COUNTY ATTORNEY

[Date of Closing]

Board of County Commissioners  
Monroe County, Florida  
The Historic Gato Cigar Factory  
1100 Simonton Street  
Key West, Florida 33040

UBS Securities LLC  
200 South Orange Avenue  
Suite 2000  
Orlando, Florida 32801

Ladies and Gentlemen:

I am the Interim County Attorney for Monroe County, Florida (the "County") and have served as counsel to the County in connection with the issuance and sale by the County of its \$\_\_\_\_\_ aggregate principal amount of Airport Variable Rate Revenue Bonds (Key West International Airport), Series 2006 (the "Series 2006 Bonds"), to UBS Securities LLC, as Underwriter pursuant to the Bond Purchase Agreement dated \_\_\_\_\_, 2006 (the "Bond Purchase Agreement"). Terms used herein which are defined in said Bond Purchase Agreement shall have the meanings specified therein or, if not defined therein, in the Official Statement, relating to the Series 2006 Bonds.

I have examined, among other things, the Act, the Resolution, the proceedings of the County with respect to the authorization and issuance of the Series 2006 Bonds and the authorization, execution and delivery of the Bond Purchase Agreement, the Reimbursement Agreement and the Official Statement, and certificates and other documents relating to the County, the Series 2006 Bonds, the Resolution, the Pledged Funds, the Reimbursement Agreement and the Bond Purchase Agreement, and have made such other examination of applicable Florida law as I have deemed necessary in giving this opinion.

Based upon the foregoing, I am of the opinion that:

(A) the County is a political subdivision of the State of Florida (the "State") and had and has good right and lawful authority under the Constitution and laws of the State to adopt the Resolution and to authorize and issue the Series 2006 Bonds, to levy and collect the Revenues and Other Available Moneys, to undertake the acquisition, construction and installation of the 2006 Project; the Resolution has been duly adopted by the County, is in full force and effect and constitutes a valid, legal and binding obligation of the County enforceable in accordance with its terms;

(B) as of the Closing date, the County has duly performed all obligations required to be performed by it prior to the issuance of the Series 2006 Bonds pursuant to the Resolution;

(C) the Reimbursement Agreement and the Bond Purchase Agreement have been duly authorized, executed and delivered by the County and constitute valid and binding agreements of the County enforceable in accordance with their terms;

(D) the County has the power and authority under the laws of the State to pledge the Pledged Funds to pay debt service on the Series 2006 Bonds in accordance with the terms of the Resolution;

(E) the adoption of the Resolution and the execution and delivery of the Bond Purchase Agreement, the Reimbursement Agreement and the Series 2006 Bonds, and compliance with the provisions thereof, will not conflict with or constitute a material breach of or default under any existing law, administrative regulation, court decree, resolution or agreement to which the County is subject;

(F) except as disclosed in the Official Statement, to the best of my knowledge after due inquiry with respect thereto, no litigation or other proceedings are pending or threatened in any court or other tribunal of competent jurisdiction, State or Federal, in any way (1) restraining or enjoining the issuance, sale or delivery of any of the Series 2006 Bonds, the acquisition, construction and installation of the 2006 Project, or (2) questioning or affecting the validity of the Bond Purchase Agreement, the Reimbursement Agreement, the Series 2006 Bonds, the Resolution, or the pledge by the County of the Pledged Funds as provided in the Resolution, or (3) questioning or affecting the validity of any of the proceedings for the authorization, sale, execution, issuance or delivery of the Series 2006 Bonds and the security therefor; or (4) questioning or affecting (a) the organization or existence of the County or the Board of County Commissioners of the County or the title to office of the officers thereof, or (b) the power or authority of the County to collect or use the Net Revenues or the Other Available Moneys in the manner as contemplated in the Resolution; or (5) which could materially adversely affect the operations of the Airport or the financial condition of the Airport;

(G) the Official Statement has been duly authorized, executed and delivered for use in connection with the sale of the Series 2006 Bonds;

(H) with respect to the information in the Official Statement contained under the headings "INTRODUCTORY STATEMENT," "THE ISSUER," "THE AIRPORT," "THE PROJECT AND APPLICATION OF PROCEEDS," "THE SERIES 2006 BONDS," "PLEDGED FUNDS," "THE RESOLUTION," and in "APPENDIX D – GENERAL INFORMATION CONCERNING THE COUNTY"] and based upon participation in the preparation of the Official Statement, as of the date of such document and at all subsequent times up to and including the date of Closing, such information did not and does not contain any untrue statement of a material fact or omit any material fact required to be stated therein or necessary to make such information not misleading; provided, however, that no opinion is given with respect to the financial and statistical information or the information concerning the Bank, the Letter of Credit, the Reimbursement Agreement and DTC and its book-entry system contained in the Official Statement; and

(I) all approvals, consents, authorizations and orders of any governmental authority or agency having jurisdiction in any matter which would constitute a condition precedent to the performance by the County of its obligations under the Bond Purchase Agreement, the Reimbursement Agreement, the Resolution, the Series 2006 Bonds and the other documents relating to the Series 2006 Bonds have been obtained and are in full force and effect.

All of the above opinions as to enforceability of the legal obligations of the County may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and similar laws, in each case relating to or affecting the enforcement of creditors rights generally, and other general principles of equity.

The letter is addressed to you and is not to be used, circulated, quoted or otherwise referred to for any other purpose without, in each case, my express written consent.

Very truly yours,



EXHIBIT E  
OPINION OF DISCLOSURE COUNSEL

(Date of Closing)

Monroe County, Florida  
The Historic Gato Cigar Factory  
1100 Simonton Street  
Key West, Florida 33040

UBS Securities LLC  
200 South Orange Avenue  
Suite 2000  
Orlando, Florida 32801

This opinion is rendered pursuant to Section 7(d)(4) of the Bond Purchase Agreement dated \_\_\_\_\_, \_\_\_\_ (the "Bond Purchase Agreement"), between Monroe County, Florida (the "County") and you, as Underwriter (the "Underwriter") of \$ \_\_\_\_\_ aggregate principal amount of Monroe County, Florida Airport Variable Rate Revenue Bonds (Key West International Airport), Series 2006 (the "Series 2006 Bonds").

We have examined (a) the Official Statement, dated \_\_\_\_\_, 2006, relating to the Series 2006 Bonds (the "Official Statement") and (b) Resolution No. \_\_\_\_\_ adopted by the Board of County Commissioners of the County (the "Board") on \_\_\_\_\_, 2006 as supplemented by Resolution No. \_\_\_\_\_ adopted by the Board on \_\_\_\_\_, 2006 (collectively, the "Resolution"). We also examined certain other documents, including certificates, opinions and records (but did not review any minutes of meetings of the County other than those included in the transcript of proceedings for the Series 2006 Bonds), and we made such investigations concerning applicable laws, as we considered to be appropriate for the purpose of rendering this opinion. For such purpose, we assume the authenticity of all original documents and the conformity to original documents of all copies of documents, the accuracy and completeness of all certificates and records as to factual matters, the authenticity of all signatures on documents and the legal capacity of signers to execute the documents.

In accordance with the terms of our engagement as Disclosure Counsel, we have rendered legal advice and assistance to the County in the course of its investigations pertaining to, and participation in the preparation of, the Official Statement. In addition to reviewing the documents referenced above, certain of our lawyers participated in telephone conferences with representatives of the County, Bond Counsel, Newton & Associates, Inc., as airport consultant to the County, Public Financial Management, Inc., as financial advisor to the County, and representatives of the Underwriter, concerning the contents of the Official Statement and related matters. While we have not undertaken to verify independently, and are not expressing any view upon, and do not assume any responsibility for, the accuracy, completeness or fairness of the

contents of the Official Statement, our lawyers responsible for this matter are not aware at present of any information that came to their attention in the course of the performance of the services referred to herein that leads us to believe that the Official Statement, as of its date and as of this date, contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary in order to make the statements made in the Official Statement, in light of the circumstances under which they were made, not misleading. We express no view as to (a) the information contained in the Official Statement under the headings "THE SERIES 2006 BONDS - Book-Entry Only System" and "THE LETTER OF CREDIT" and in the Appendices to the Official Statement and (b) the financial, technical or statistical information and data included or incorporated by reference in the Official Statement or any Appendix thereto.

This opinion is furnished solely for your benefit and may not, without our prior express written consent, be relied upon by anyone other than the addressee.

Respectfully submitted,

## EXHIBIT F

### CERTIFICATE OF COUNTY

We, Thomas J. Willi, County Administrator, and Danny L. Kolhage, County Clerk, of Monroe County, Florida (the "County"), DO HEREBY CERTIFY as follows:

1. The representations, warranties, covenants and agreements of the County contained in the Bond Purchase Agreement dated \_\_\_\_\_, 2006, between the County and the Underwriter named therein (the "Bond Purchase Agreement"), with respect to the sale by the County of its \$\_\_\_\_\_ aggregate principal amount of Monroe County, Florida Airport Variable Rate Revenue Bonds (Key West International Airport), Series 2006 (the "Series 2006 Bonds"), are true and correct in all respects on and as of the date of the Closing as if made on the date of the Closing.

2. Except as disclosed in the Official Statement, dated \_\_\_\_\_, 2006, relating to the Series 2006 Bonds (the "Official Statement"), no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency or public board or body, is pending against or, to the best of our knowledge, threatened against the County, affecting the legal existence of the County or the titles of its officers to their respective offices or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Series 2006 Bonds, the acquisition, construction and installation of the 2006 Project, or the collection or use of the Net Revenues or the Other Available Moneys of the Airport to pay debt service on the Series 2006 Bonds or Pledged Funds pledged or to be pledged, as contemplated in the Resolution, or in any way contesting or affecting the validity or enforceability of the Series 2006 Bonds, the Resolution, the Reimbursement Agreement, and the Bond Purchase Agreement, or resulting in any material adverse change in the business, properties, other assets or financial condition of the County, or contesting the tax-exempt status of the interest on the Series 2006 Bonds as described in the Official Statement, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or contesting the powers of the County or any authority or proceedings for the issuance, sale and delivery of the Series 2006 Bonds, the collection or use of the Net Revenues or the Other Available Moneys, or the adoption of the Resolution, or the execution or delivery of the Reimbursement Agreement or the Bond Purchase Agreement, nor to the best of our knowledge, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Series 2006 Bonds, the Pledged Funds, the Resolution, the Reimbursement Agreement or the Bond Purchase Agreement.

3. No event affecting the County has occurred since the date of the Official Statement which should be disclosed in the Official Statement so that the Official Statement will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and which has not been disclosed in a supplement or amendment to the Official Statement.

4. The County has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the date hereof pursuant to the Bond Purchase Agreement.

5. The financial statements and the other financial and statistical data relating to the County included in the Official Statement are true and correct as of the date hereof.

6. Since the date of the financial statements included in the Official Statement, (i) no material and adverse change has occurred in the financial condition of the Airport and (ii) the Airport has not incurred any material liabilities other than in the ordinary course of business, except as set forth in or contemplated by the Official Statement.

7. No obligations issued or guaranteed by the County are in default as to payment of principal of or interest or have been in default as to payment of principal of or interest at any time after December 31, 1975, except with respect to conduit issues for which the County has no repayment obligation, as to which no representation is made.

8. All capitalized terms used herein which are not otherwise defined shall have the same meanings as in the Bond Purchase Agreement.

[Closing Date]

---

County Administrator

---

County Clerk

**EXHIBIT E**

**PRELIMINARY OFFICIAL STATEMENT**

Rating: [To Come]

**NEW ISSUE - BOOK ENTRY ONLY**

*In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions and subject to the conditions described herein under "TAX MATTERS," interest on the Series 2006 Bonds (as hereinafter defined) of the County is excluded from gross income for federal income tax purposes, except that such exclusion shall not apply to interest on any Series 2006 Bond during for any period during which such Series 2006 Bond is held by a person who is a "substantial user" of the facilities financed or refinanced by the Series 2006 Bonds or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended. However, interest on the Series 2006 Bonds is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. Such interest may be subject to other federal income tax consequences referred to herein under "TAX MATTERS." Bond Counsel is further of the opinion that the Series 2006 Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida except any tax imposed by Chapter 220, Florida Statutes, on income, interest, or profits on debt obligations owned by corporations as defined in said Chapter 220.*

\$ \_\_\_\_\_

[Logo]

**MONROE COUNTY, FLORIDA  
Airport Variable Rate Revenue Bonds  
(Key West International Airport),  
Series 2006**

**Dated: Date of Delivery**

**Due: \_\_\_\_\_, 20\_\_**

Monroe County, Florida (the "County") is issuing its Airport Variable Rate Revenue Bonds (Key West International Airport), Series 2006 (the "Series 2006 Bonds") as fully registered Bonds, which initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Individual purchases will be made in book entry form only in denominations of \$100,000 and any integral multiple of \$5,000 in excess thereof. Purchasers of the Series 2006 Bonds (the "Beneficial Owners") will not receive physical delivery of the Series 2006 Bonds. Transfer of ownership in the Series 2006 Bonds will be effected by DTC's book-entry system as described herein. As long as Cede & Co. is the registered owner as nominee of DTC, principal and interest payments will be made directly to such registered owner which will in turn remit such payments to the Participants (as defined herein) for subsequent disbursement to the Beneficial Owners. From the date of the original issuance of the Series 2006 Bonds through \_\_\_\_\_, 2009 (subject to extension or earlier termination), the Series 2006 Bonds also will be payable from funds drawn under an irrevocable, direct-pay letter of credit issued by

Bank of America, N.A.

(the "Bank"). The Letter of Credit entitles the Paying Agent to draw thereunder an amount sufficient to pay the principal of the Series 2006 Bonds and up to 35 days interest accrued on the Series 2006 Bonds at a maximum interest rate per annum of 12%.

The Series 2006 Bonds as initially issued will bear interest at the Weekly Rate and the initial Weekly Rate and each subsequent Weekly Rate to be borne by the Series 2006 Bonds will be determined by UBS Securities LLC, as Remarketing Agent. While the Series 2006 Bonds bear interest at the Weekly Rate, interest will be payable on the first business day of each month beginning \_\_\_\_\_ 1, 2006. The rate of interest on the Series 2006 Bonds may be changed to the Fixed Rate designated and determined as described herein. The Series 2006 Bonds are subject to tender for purchase at the option of the Bondholders and, under certain circumstances, are subject to mandatory tender for purchase, in the manner and at the times described herein. The Series 2006 Bonds are also subject to optional redemption and mandatory redemption in the manner and at the times described herein.

Principal and any premium on the Series 2006 Bonds are payable upon surrender thereof at the designated payment office of U.S. Bank, National Association, acting as tender agent, registrar and paying agent for the Series 2006 Bonds. So long as DTC or its nominee, Cede & Co., is the registered owner of the Series 2006 Bonds, payments of the principal of, premium, if any, and interest on the Series 2006 Bonds will be made directly to Cede & Co. See the caption "The Series 2006 Bonds - Book-Entry System" herein.

**Any purchase of the Series 2006 Bonds should be based solely upon the financial strength of the Bank, and the Series 2006 Bonds are being offered on such basis.**

This cover page contains information for quick reference only. It is not a summary of the issue. Investors must read this entire Official Statement to obtain information essential to the making of an informed investment decision.

Price: 100%

---

The payment of the principal of, redemption premium, if any, and interest on the Series 2006 Bonds shall be secured forthwith equally and ratably by a pledge of and lien upon (i) the net revenues derived from the operation of the Key West International Airport received by the County pursuant to the Resolution adopted by the Board of County Commissioners of the County (the "Board") on June 21, 2006, as supplemented by a Resolution adopted by the Board on June 21, 2006 (collectively, the "Resolution"), (ii) until applied in accordance with the provisions of the Resolution certain Other Available Moneys, (as defined in the Resolution) and (iii) all moneys, including investments thereof, in certain funds and accounts created under the Resolution including the Reserve Account (collectively the "Pledged Funds")

---

The Series 2006 Bonds are being issued to provide funds to (i) acquire, construct and equip various capital improvements at the Key West International Airport as more fully described herein, (ii) fund the Reserve Account, and (iii) pay costs associated with the issuance of the Series 2006 Bonds, including the letter of credit fees.

---

THE SERIES 2006 BONDS SHALL NOT BE OR CONSTITUTE GENERAL OBLIGATIONS OR INDEBTEDNESS OF THE COUNTY AS "BONDS" WITHIN THE MEANING OF ANY

CONSTITUTIONAL OR STATUTORY PROVISION, BUT SHALL BE SPECIAL OBLIGATIONS OF THE COUNTY, PAYABLE SOLELY FROM AND SECURED BY A LIEN UPON AND PLEDGE OF THE PLEDGED FUNDS, IN THE MANNER AND TO THE EXTENT PROVIDED IN THE RESOLUTION. NO HOLDER OF ANY SERIES 2006 BONDS SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER TO PAY SUCH SERIES 2006 BOND, OR BE ENTITLED TO PAYMENT OF SUCH SERIES 2006 BONDS FROM ANY MONEYS OF THE COUNTY EXCEPT FROM THE PLEDGED FUNDS IN THE MANNER AND TO THE EXTENT PROVIDED IN THE RESOLUTION.

---

*The Series 2006 Bonds are offered when, as and if issued, subject to the approving legal opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel. Certain legal matters will be passed upon for the County by Suzanne Hutton, ~~Interim~~ County Attorney, and Bryant Miller Olive, Tampa, Florida, Disclosure Counsel and Squire, Sanders and Dempsey L.L.P. is serving as Underwriter's Counsel. Public Financial Management, Inc., Fort Myers, Florida is Financial Advisor to the County in regard to the issuance of the Series 2006 Bonds. The Series 2006 Bonds in definitive form are expected to be available for delivery in New York, New York through the facilities of DTC on or about July \_\_, 2006.*

#### **UBS INVESTMENT BANK**

Dated: July \_\_, 2006



The information contained in this Official Statement has been obtained from the County, the Bank, and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the County, the Bank or the Underwriter. This Official Statement is submitted in connection with the sale of the securities referred to herein, and may not be reproduced or be used, in whole or in part, for any other purpose. Neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances at any time imply that the information herein is correct as of any time subsequent to its date.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

No dealer, broker, salesman or any other person has been authorized by the Bank, the County or the Underwriter to give any information or to make any representations other than those contained in this Official Statement in connection with the offering described herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer of any securities, other than those described on the cover page, or an offer to sell or a solicitation of any offer to buy in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

## TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY STATEMENT .....	1
THE ISSUER .....	2
THE AIRPORT .....	2
THE PROJECT AND APPLICATION OF PROCEEDS .....	5
THE SERIES 2006 BONDS .....	6
INTEREST RATE CAP TRANSACTION .....	20
THE LETTER OF CREDIT .....	20
PLEDGED FUNDS .....	22
INVESTMENT CONSIDERATIONS .....	26
AVIATION AND AIRLINE INDUSTRY .....	28
THE RESOLUTION .....	28
FINANCIAL ADVISOR .....	31
INDEPENDENT ACCOUNTANTS .....	31
UNDERWRITING .....	31
LEGAL MATTERS .....	33
RATING .....	34
LITIGATION .....	34
CONTINGENT FEES .....	34
ENFORCEABILITY OF REMEDIES .....	35
CONTINUING DISCLOSURE .....	35
AUTHORIZATION OF OFFICIAL STATEMENT .....	35

Appendix A	-	Bank of America, N.A.
Appendix B	-	Proposed Form of Opinion of Bond Counsel
Appendix C	-	Report of the Airport Consultant
Appendix D	-	General Information Concerning the County
Appendix E	-	Basic Audited Financial Statements of the County
Appendix F	-	Copy of the Resolution

**MONROE COUNTY, FLORIDA**

The Historic Gato Cigar Factory  
1100 Simonton Street  
Key West, Florida 33040

**MEMBERS OF THE BOARD OF COUNTY COMMISSIONERS**

Charles McCoy, Mayor  
Dixie Spehar  
George Nugent  
David Rice  
Glenn Patton

**CLERK OF THE CIRCUIT COURT OF MONROE COUNTY, FLORIDA  
AND EX OFFICIO CLERK OF THE BOARD OF COUNTY COMMISSIONERS**

Danny L. Kolhage

**COUNTY ADMINISTRATOR**

Thomas J. Willi

**INTERIM COUNTY ATTORNEY**

Suzanne Hutton, Esq.

**BUDGET DIRECTOR**

Salvatore Zappulla

**AIRPORT DIRECTOR**

Peter Horton

**AIRPORT CONSULTANT**

Newton & Associates, Inc.  
Charlotte, North Carolina

**BOND COUNSEL**

Nabors, Giblin & Nickerson, P.A.  
Tampa, Florida

**FINANCIAL ADVISOR**

Public Financial Management, Inc.  
Fort Myers, Florida

**DISCLOSURE COUNSEL**

Bryant Miller Olive  
Tampa, Florida

**CERTIFIED PUBLIC ACCOUNTANTS**

Cherry, Bekaert & Holland  
Orlando, Florida

\$ \_\_\_\_\_  
MONROE COUNTY, FLORIDA  
AIRPORT VARIABLE RATE REVENUE BONDS,  
(KEY WEST INTERNATIONAL AIRPORT),  
SERIES 2006

INTRODUCTORY STATEMENT

This Official Statement, including the cover page and the Appendices, is provided to furnish certain information in connection with the issuance and sale by Monroe County, Florida (the "County"), of its \$ \_\_\_\_\_ aggregate principal amount of Airport Variable Rate Revenue Bonds (Key West International Airport), Series 2006 (the "Series 2006 Bonds").

The Series 2006 Bonds are being issued for the purpose of providing a portion of the funds necessary to (i) finance the costs of constructing, acquiring and equipping certain airport facilities located in Key West, Florida to be owned and operated by the County (the "Project"), (ii) fund the Reserve Account and (iii) pay costs related to the issuance of the Series 2006 Bonds. See the caption "THE PROJECT AND APPLICATION OF PROCEEDS" herein.

Concurrently with, and as a condition to, the issuance of the Series 2006 Bonds, the County will cause to be delivered an irrevocable, direct-pay letter of credit (the "Initial Letter of Credit") issued by Bank of America, N.A. (the "Bank"), to provide for the timely payment of principal of and interest (calculated for 35 days at a maximum interest rate of 12% per annum) on, and purchase price of, the Series 2006 Bonds. The County will be required to reimburse the Bank for all amounts drawn under the Initial Letter of Credit pursuant to the terms of a Letter of Credit and Reimbursement Agreement, dated as of \_\_\_\_\_ 1, 2006 (the "Reimbursement Agreement"), between the County and the Bank. The Initial Letter of Credit will expire on \_\_\_\_\_, 2009, unless terminated or extended. Upon the expiration of the Initial Letter of Credit or any alternate letter of credit issued to replace any existing letter of credit which satisfies the requirements of the Resolution (an "Alternate Letter of Credit"), the Series 2006 Bonds will be subject to mandatory tender for purchase. See the caption "THE SERIES 2006 BONDS - Mandatory Tender of Series 2006 Bonds - Mandatory Tender Upon Expiration or Termination of the Letter of Credit." As used in this Official Statement, "Bank" refers to the County of the Initial Letter of Credit and, as applicable, the issuer of any Alternate Letter of Credit. The Initial Letter of Credit and any Alternate Letter of Credit are hereinafter collectively referred to as the "Letter of Credit."

The Series 2006 Bonds will bear interest at the rates and for the periods as described herein under the caption "THE SERIES 2006 BONDS." The Series 2006 Bonds are subject to tender for purchase at the option of the Bondholders and, under certain circumstances, are subject to mandatory tender for purchase, in the manner and at the times described herein. The Series 2006 Bonds are subject to optional and mandatory redemption prior to maturity in the manner and at the times described herein.

Brief descriptions and summaries of the County, the Project, the Series 2006 Bonds, the Initial Letter of Credit, the Reimbursement Agreement, and the Resolution are included in this Official Statement. Certain information with respect to the Bank is included as Appendix A. Such descriptions and summaries do not purport to be comprehensive. Certain information relating to The Depository

Trust Company ("DTC") and the Book-Entry System has been furnished by DTC. Appendix B to this Official Statement contains the proposed form of opinion of Bond Counsel to be delivered in connection with the issuance and delivery of the Series 2006 Bonds. All references herein to the Initial Letter of Credit, the Reimbursement Agreement, and the Resolution are qualified in their entirety by reference to such documents, and references herein to the Series 2006 Bonds are qualified in their entirety by reference to the form thereof included in the Resolution. Copies of these documents may be obtained during the period of the offering from the office of the Clerk of the Circuit Court 1100 Simonton Street, Key West, Florida 33040. Unless otherwise defined in this Official Statement, all terms used herein have the same meanings as those terms have in the Resolution. See "APPENDIX F - SUMMARY OF PROVISIONS OF THE RESOLUTION."

## **THE COUNTY**

Monroe County, Florida is a political subdivision of the State of Florida and has powers under Chapters 125 and Part II of Chapter 159, Florida Statutes, as amended, the Constitution of the State of Florida and other applicable provisions of law (collectively, the "Act"). The County was constitutionally formed in 1823. It is comprised primarily of the Florida Keys, which are a string of coral islands extending in a southwesterly arc from Biscayne Bay to the Dry Tortugas. The Florida Keys separate the Atlantic Ocean on the south and the east from the Gulf of Mexico on the north and west, and extend approximately 100 miles south from the United States mainland. The County seat, the City of Key West, located on the southernmost of the Florida Keys, lies 98 miles north of Cuba, approximately 160 miles southwest of Miami and 66 nautical miles north of the Tropic of Cancer. According to the United States Census, in 2000, the County's population was 79,589. The estimated 2005 population of the County was 82,413 according to the University of Florida Bureau of Economic and Business Research. Within the County, there are five municipalities: the Cities of Key West, Layton, Marathon and Key Colony Beach and the Villages of Islamorada. See "APPENDIX D – GENERAL INFORMATION CONCERNING THE COUNTY" attached hereto.

The County is governed by the Board of County Commissioners and is authorized by the Act to issue the Series 2006 Bonds to provide funds to finance the Project. The obligations of the County regarding these Series 2006 Bonds are not a general obligation of the County.

THE SERIES 2006 BONDS ARE SPECIAL AND LIMITED OBLIGATIONS OF THE COUNTY AND ARE PAYABLE SOLELY FROM THE REVENUES AND SECURITY INTERESTS PLEDGED FOR THEIR PAYMENT AND FROM FUNDS AVAILABLE FROM THE LETTER OF CREDIT AND DO NOT CONSTITUTE A PLEDGE OF THE FULL FAITH AND CREDIT OF THE COUNTY, THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF, BUT SHALL BE PAYABLE SOLELY AS DESCRIBED HEREIN.

## **THE AIRPORT**

The Project will be located at Key West International Airport, 3491 South Roosevelt Boulevard, Key West, Florida. The operator of the Project is the County.

The Key West International Airport (the "Airport") is a non-hub commercial airport located within the city limits of Key West, Florida and covers approximately 258 acres of land. Of this land, 87 acres are salt ponds and mangrove vegetation. The remaining 181 acres of land are usable for the

Airport. In 1920 the first international air passenger service and the first international air mail routes were established between Key West and Havana, Cuba. In 1927 the Airport was designated the first airport of entry into the United states. At that time, the Airport was a small private airport owned by Palm Beach millionaire Malcolm Meacham. Pan American Airlines was established in Key West that year and leased the Airport site from Meacham. The Airport remained a small and privately owned strip until the start of World War II. The land was then purchased by the federal government and converted into what was primarily a dirigible base. A runway of approximately 2,400 feet, oriented from northeast to southwest, was constructed on site. This site, named Meacham Field, was purchased by the County for \$150,000 after the war was over.

In 1954, the Meacham Field Runway was realigned to its current east-west orientation and, in 1958, the terminal was built. At this time, Meacham Field was renamed Key West International Airport. Additional information concerning the Airport is included in "APPENDIX C – REPORT OF THE AIRPORT CONSULTANT".

#### **Airport Air Service Area**

The primary geographical area served by an airport is commonly referred to as the "air service area." The demand for air service is related to the economic strength of an airport's air service area. This relationship is even greater at an origination and destination airport such as the County's Airport. Unlike connecting airports, where the majority of passenger traffic is generated by one or more airlines' use of an airport as a hub for its route system, origin and destination airports' passenger traffic is generated by its local demand for air service, or its attraction to visitors from outside its locality, and not by any connecting or hub activity. The area which serves as the primary economic base for passenger demand at the Airport is discussed in Section III of "APPENDIX C – REPORT OF THE AIRPORT CONSULTANT".

## Airport Enplanements

Passenger activity at an airport is often analyzed by enplanements. The number of enplaned passengers is described below for the Airport, as well as projections of future levels of passenger activity:

### HISTORICAL ENPLANEMENTS AND FORECAST OF ENPLANED PASSENGERS

<u>Fiscal Year</u>	<u>Enplanements</u>
<b>Historical Period</b>	
FY 2000/01	280,763
FY 2001/02	251,108
FY 2002/03	291,361
FY 2003/04	299,607
FY 2004/05	320,417
Average Annual Historical Growth Rate	3.4%
<b>Forecast Period</b>	
FY 2005/06	290,939
FY 2006/07	293,848
FY 2007/08*	296,787
FY 2008/09	299,754
FY 2009/10	302,752
FY 2010/11	305,799
Average Annual Projected Growth Rate	1.0%

\*Completion of 2006 Project is estimated to occur during this period

Source: Historical Period Enplanements – Airport Reports Forecast Period Enplanements – Newton & Associates, Inc.

## Historical Airport Revenues And Expenses

The County maintains the Airport as a separate Enterprise Fund. The following chart details historical financial activity of the Airport, reflecting revenues and operating and maintenance costs from Fiscal Years 2000-2001 through 2004-2005:

## HISTORICAL AIRPORT REVENUES AND EXPENSES

	Audited FY 2000/01	Audited FY 2001/02	Audited FY 2002/03	Audited FY 2003/04	Audited FY 2004/05	Average Annual Growth Rate
<b>GROSS REVENUES:</b>						
Airline Revenues:						
Airline Landing Fees	\$431,634	\$619,280	\$898,742	\$920,566	\$1,017,762	23.9%
Airline Terminal Rentals & Other Airline Revs	479,662	236,216	240,102	320,759	352,187	-7.4%
Subtotal Airline Revenues	\$911,297	\$855,497	\$1,138,843	\$1,241,326	\$1,369,950	10.7%
Non-Airline Revenues:						
Rental Car Revenues	\$808,351	\$797,910	\$866,901	\$984,719	\$1,061,004	7.0%
Parking	205,764	168,973	196,076	172,854	204,584	-0.1%
General Aviation	122,822	133,153	152,125	154,885	131,261	1.7%
Ground Transportation	91,519	91,160	99,672	100,582	100,218	2.3%
Advertising	71,101	70,164	65,003	69,692	84,907	4.5%
Restaurant & Gift Shop	115,404	77,709	87,780	90,207	97,174	-4.2%
Air Cargo	54,789	55,426	59,325	59,720	66,072	4.8%
Miscellaneous Rentals & Concessions	106,842	222,527	336,221	222,175	225,899	20.6%
Interest Income	209,351	74,122	54,605	50,178	116,324	-13.7%
Fines & Other Operating Income	9,973	17,599	45,468	14,676	17,228	14.6%
Subtotal Non-Airline Revenues	\$1,795,916	\$1,708,742	\$1,963,177	\$1,919,686	\$2,104,671	4.0%
Subtotal Gross Revenues	\$2,707,212	\$2,564,238	\$3,102,020	\$3,161,012	\$3,474,620	6.4%
Annual Growth Rate		-5.3%	21.0%	1.9%	9.9%	
<b>OPERATING &amp; MAINTENANCE COSTS:</b>						
Personal Services	\$922,752	\$1,069,587	\$1,061,983	\$1,105,622	\$1,202,140	6.8%
Contractual Svcs, Supplies/Materials & Other	1,243,297	1,386,835	1,335,245	1,440,544	1,677,108	7.8%
Transfers - County Overhead	150,160	126,485	126,485	161,838	161,838 /1	1.9%
Subtotal Operating & Maintenance Costs	\$2,316,209	\$2,582,907	\$2,523,713	\$2,708,003	\$3,041,086	7.0%
Annual Growth Rate		11.5%	-2.3%	7.3%	12.3%	
<b>OPERATING SURPLUS</b>	<b>\$391,003</b>	<b>-\$18,669</b>	<b>\$578,307</b>	<b>\$453,009</b>	<b>\$433,535</b>	<b>2.6%</b>

/1 Transfers - County Overhead for FY 2005 is currently estimated for this purpose by the County to equal FY 2004 amount.

Note: Totals may not sum due to rounding.

Source: Airport Revenues & Expenses provided by Monroe County, Budget Office.

Compiled by Newton & Associates, Inc.

## THE PROJECT AND APPLICATION OF PROCEEDS

The proceeds of the Series 2006 Bonds will be used for the primary purpose of providing a portion of the funds necessary to finance the costs of acquiring, constructing and equipping capital improvements at the Key West Airport. The proceeds of the Series 2006 Bonds will finance the 2006 Project (as defined in the Resolution). The Project consists of terminal building improvements, that include the planning, design, engineering and construction of certain passenger terminal building expansion and renovation improvements which will result in a new and improved, two-level passenger terminal building comprising approximately 79,000 square feet. The terminal building portion of the 2006 Project will provide sufficient space for airline ticket counters, back office and baggage make up



functions, baggage drop-off and baggage claim functions, and airline passenger hold room functions. The Project will also provide public lobby and circulation areas, passenger and baggage screening areas and equipment and food beverage and retail merchandise areas. The 2006 Project also includes the design and construction of a new terminal roadway and ramp system, as well as certain vehicular parking improvements. Additional Project information is included in "APPENDIX C – REPORT OF THE AIRPORT CONSULTANT."

## Sources and Uses

### ESTIMATED SOURCES AND USES OF FUNDS

The table that follows summarizes the estimated sources and uses of funds to be derived from the sale of the Series 2006 Bonds:

SOURCES:	AMOUNT
Series 2006 Bond Proceeds	\$ _____
Equity from County	\$ _____
Airport Improvement Grants	\$ _____
<b>TOTAL SOURCES</b>	<b>\$ _____</b>
 USES:	
2006 Project Account in Construction Fund	\$ _____
Reserve Account	\$ _____
Capitalized Interest in Interest Account	\$ _____
Cost of Issuance <sup>1</sup>	\$ _____
<b>TOTAL USES</b>	<b>\$ _____</b>

<sup>1</sup>Includes initial Letter of Credit fees, Underwriters' discount, financial advisory fees, legal fees and miscellaneous costs of issuance

### THE SERIES 2006 BONDS

#### General

The Series 2006 Bonds initially will be issued to bear interest at a Weekly Rate. Pursuant to the Resolution the County may elect to cause the Series 2006 Bonds to bear interest at a Fixed Rate. In the event the County elects to cause the Series 2006 Bonds to bear interest at a Fixed Rate, they will be subject to mandatory tender for purchase, and it is expected that the Series 2006 Bonds will be remarketed pursuant to a new offering document which will explain in detail the terms and conditions of the Series 2006 Bonds following such conversion to the Fixed Rate. **Accordingly, provisions of the Resolution and the Series 2006 Bonds relating to the terms of the Series 2006 Bonds following a conversion to the Fixed Rate are not discussed herein.**

The Series 2006 Bonds will be issued, in the aggregate principal amount set forth on the cover page hereof, fully registered as to payment of principal and interest. The Series 2006 Bonds will be dated their date of delivery and, subject to prior redemption or mandatory tender, will mature on the date stated on the cover page hereof (the "Maturity Date"). The Series 2006 Bonds initially will bear interest at the Weekly Rate.

The Series 2006 Bonds will be issued in authorized denominations of \$100,000 and any integral multiple of \$5,000 in excess thereof, with respect to any Weekly Rate Period (the "Authorized Denominations").

The Series 2006 Bonds originally will be issued solely in book-entry form to DTC or its nominee, Cede & Co., to be held in DTC's book-entry system (the "Book-Entry System"). So long as the Series 2006 Bonds are held in the Book-Entry System, DTC or its nominee will be the registered owner or holder of the Series 2006 Bonds for all purposes of the Resolution, the Series 2006 Bonds and this Official Statement. Individual purchases of book-entry interests in the Series 2006 Bonds will be made in book-entry-only form in Authorized Denominations. See "THE SERIES 2006 BONDS - Book-Entry System" herein.

U.S. Bank, National Association is the tender agent, registrar and paying agent for the Series 2006 Bonds and maintains a corporate trust office at 500 West Cypress Creek Road, Suite 560, Fort Lauderdale, Florida 33309.

UBS Securities LLC has been appointed under the Resolution to serve as Remarketing Agent (the "Remarketing Agent") for the Series 2006 Bonds. The Remarketing Agent may resign upon 30 days' notice or be removed upon 15 days' notice and a successor Remarketing Agent may be appointed in accordance with the terms of the Resolution and a remarketing agreement by and between the County and the Remarketing Agent.

#### **Summary of Certain Provisions of the Series 2006 Bonds**

The following table summarizes certain provisions regarding the Weekly Rate determination methods and dates relating to tenders, redemptions and purchases:

<b>Interest Rate Determination Dates</b>	At or before [4:00 p.m.] New York City time, on each Wednesday (or if not a Business Day, on the next preceding Business Day) for the period (a "Weekly Rate Period") beginning on the following Thursday and ending on the next Wednesday.
<b>Optional Tender of Series 2006 Bonds for Purchase on Demand of Owner; Required Notice</b>	Any Business Day; by facsimile or telephonic notice, promptly confirmed in writing, to the Paying Agent not later than [5:00 p.m.] New York City time, on a Business Day at least seven days prior to the purchase date.
<b>Mandatory Tender of Series 2006 Bonds for Purchase; Purchase Dates</b>	(1) On any Interest Payment Date upon the written demand of the County with the prior written consent of the Bank. (2) On a Conversion Date (the effective date of a change in the interest rate determination method). (3) On the fifth Business Day prior to the expiration or termination of the Letter of Credit or on the date of substitution of an Alternate Letter of Credit.
<b>Redemption</b>	(1) Optional redemption at par on any date. (2) Mandatory redemption at par at the option of the Bank upon an event of default under the Reimbursement Agreement or with respect to Bank Bonds.
<b>Notices of Mandatory Purchases and Redemption</b>	At least 15 days notice of mandatory tender of Series 2006 Bonds for purchase; at least 30 days (15 days for redemptions described in (3) directly above) notice of redemption.

#### **Payment of Principal and Interest**

The principal of the Series 2006 Bonds will be payable at the principal corporate office or designated payment office of the Paying Agent. The interest on each Series 2006 Bond on any interest payment date will be paid by the Paying Agent to the registered owner of such Series 2006 Bonds as shown on the bond register at the close of business on the Record Date, as defined below, (1) by check or draft mailed to such registered owner at the address as it appears on the bond register or at such other address as is furnished to the Paying Agent in writing by such owner, or (2) by electronic wire transfer in immediately available funds to a bank in the continental United States for credit to the ABA routing number and account number filed with the Paying Agent no later than 5 Business Days before the applicable Record Date. In any case where the date of maturity of principal of or interest on the Series 2006 Bonds or the date fixed for redemption of any Series 2006 Bonds shall be a day other than a Business Day, then payment of principal or interest need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

Interest on the Series 2006 Bonds will be calculated on the basis of a year of 365 days (or 366 days in leap years, as appropriate), for the actual number of days elapsed. While there exists an Event of Default under the Resolution with respect to the Series 2006 Bonds, interest will be payable at the rate on the Series 2006 Bonds existing on the day before such Event of Default occurred.

As set forth in the table below, when interest is payable at a given rate (a "Rate"), interest accrued during the applicable period (an "Interest Period") will be paid on the corresponding date (an "Interest Payment Date") to holders of record on the corresponding date (a "Record Date"):

Rate	Interest Period	Interest Payment Date	Record Date
Weekly	From the date of issuance of the Series 2006 Bonds or thereafter the first day of each calendar month (or the first day of any conversion to a Weekly Rate) to the day prior to the first day of the next succeeding calendar month or any day which is a Conversion Date from a Weekly Rate Period.	First day of each month (whether or not a Business Day) and each Conversion Date.	Last Business Day before Interest Payment Date.

"**Business Day**" means a day other than (a) a Saturday or Sunday; (b) a day on which the corporate trust office or payment office of the Paying Agent, the payment office of the Bank for draws under the Letter of Credit, or the primary office of the Remarketing Agent are lawfully closed; or (c) a day on which the New York Stock Exchange or the Securities Depository is closed.

#### **Interest Rate Determination Method**

**General.** The Remarketing Agent will determine the interest rate or rates applicable to the Series 2006 Bonds pursuant to the terms of the Resolution, provided that the interest rate may not exceed the lesser of the interest rate used in computing the interest component of the Letter of Credit (initially, 12%) per annum or the maximum rate permitted by law (the "Maximum Rate"). Subject to this limitation, the rate of interest on each Series 2006 Bonds will be determined as the lowest rate of interest which, in the judgment of the Remarketing Agent, would cause the Series 2006 Bonds to have a market value as of the date of determination equal to the principal amount thereof, plus accrued interest, taking into account prevailing market conditions.

**Weekly Rate.** The Remarketing Agent will set a Weekly Rate no later than the last Business Day before the commencement of a period during which the Series 2006 Bonds bear interest at a Weekly Rate and at or before [4:00 p.m.], New York City time, on each Wednesday thereafter during which interest on the Series 2006 Bonds is to be payable at a Weekly Rate, or, if any Wednesday is not a Business Day, on the next preceding Business Day. The first Weekly Rate will apply to the period beginning on the date of original issuance and delivery of the Series 2006 Bonds and will remain in effect until on Wednesday of the following week when the Weekly Rate is first redetermined. Thereafter, each Weekly Rate will apply to the period beginning on the Thursday after the Weekly Rate is set and ending on the following Wednesday or, if earlier, ending on the day before the effective date of a new method of determining the interest rate on the Series 2006 Bonds or the Maturity Date.

If the Remarketing Agent fails for any reason to determine the Weekly Rate for any Weekly Rate Period, the Weekly Rate in effect for the Series 2006 Bonds for such Weekly Rate Period will be the percentage per annum equal to the current BMA Municipal Bond Index as published in *The Bond Buyer* as of the first day of such Weekly Rate Period (or if *The Bond Buyer* or such index is no longer published, such other published similar index as is determined by the Remarketing Agent in its sole discretion to be appropriate), plus 15 basis points.

**Change in Interest Rate Determination Method.** The County may elect to convert all of the Series 2006 Bonds from Weekly Rate to Fixed Rate. The County shall give notice of any proposed conversion and the proposed date such conversion will become effective (the "Conversion Date") to the Paying Agent not less than 30 days prior to the proposed Conversion Date. Upon receipt of the notice from the County, the Paying Agent shall promptly give written notice of the proposed conversion to the Remarketing Agent and the Bank. The Paying Agent shall give mailed notice to the Bondholders (which may be combined, where applicable, with any notice of mandatory tender) not less than 20 days before the proposed Conversion Date. This notice shall state: (a) the proposed Conversion Date; (b) that such Series 2006 Bonds will be subject to mandatory tender for purchase on the Conversion Date; (c) the conditions, if any, to the conversion, and the consequences of such conditions not being fulfilled; (d) if the Series 2006 Bonds are in certificated form, information with respect to required delivery of Bond certificates and payment of the purchase price; and (e) the new Interest Payment Dates and Record Dates.

**Conditions to Change in Interest Rate Determination Method.** Any change in the method of determining interest on Series 2006 Bonds as described above must satisfy the following conditions in order to become effective:

(a) If a Letter of Credit will be in effect after the Conversion Date, then, upon conversion, (i) either the stated coverage of the Letter of Credit will include an amount sufficient to pay interest on all Series 2006 Bonds outstanding (calculated at the Fixed Rate) for a period of days not less than the number of days in the longest interest payment period for the Series 2006 Bonds in such interest rate mode plus 5 days or the Paying Agent must have received prior written confirmation from each rating service maintaining a rating on the Series 2006 Bonds that such conversion will not result in a reduction or withdrawal of the then current ratings (long-term only if the conversion is to a Fixed Rate) on the Series 2006 Bonds, and (ii) the term of the Letter of Credit must extend to at least 15 days after the Maturity Date;

(b) Upon the conversion to a Fixed Rate, the County must deliver to the Paying Agent with the conversion notice (i) a firm underwriting or purchase contract from a recognized firm of bond underwriters or recognized institutional investors, which may be the Remarketing Agent, to underwrite or purchase all Series 2006 Bonds that are to be converted to a Fixed Rate at a price of 100% of the principal amount thereof at an agreed upon interest rate for the Series 2006 Bonds which such underwriters or institutional investors certify is the lowest rate that will permit the Series 2006 Bonds to be sold at par on the first day of the Fixed Rate Period; and (ii) an Opinion of Bond Counsel (which opinion shall be addressed and delivered to the Paying Agent and the County and shall be confirmed on the Conversion Date) stating that such conversion is authorized or permitted by the Resolution, and that the conversion will not adversely affect the exclusion from gross income on any Series 2006 Bonds for federal income tax purposes; and

(c) If any Series 2006 Bonds have been called for redemption and the redemption has not yet occurred, the effective date of the conversion cannot be before such redemption date; and

**Cancellation of Change in Interest Rate Determination Method.** If any condition precedent to a conversion set forth above is not met, then no conversion shall occur, but the affected Series 2006 Bonds shall continue to be subject to any mandatory tender otherwise required without regard to the failure to fulfill such condition, and thereafter shall accrue interest at Weekly Rates for Weekly Rate Periods determined as provided in the Resolution.

**Rate Covenant.** In the Resolution, the County covenants that for the Fiscal Year commencing October 1, 2005 and for each Fiscal Year thereafter, the County shall fix, establish, maintain and collect such rates, fees, rentals and charges for the services and facilities of the Airport, and revise the same from time to time, whenever necessary, so as always to provide in each Fiscal Year.

(A) Net Revenues, together with the Other Available Moneys, equal to at least 125% of the Annual Debt Service becoming due in such Fiscal Year; provided

(B) the Net Revenues, together with Other Available Moneys, shall be adequate at all times to pay in such Fiscal Year at least 100% of (1) the Annual Debt Service becoming due in such Fiscal Year, (2) any amounts required by the terms hereof to be deposited in the Reserve Account or with any issuer of a Reserve Account Letter of Credit or Reserve Account Insurance Policy in such Fiscal year, (3) any amounts required by the terms hereof to be deposited in the Renewal and Replacement Fund in such Fiscal Year, and (4) any Subordinated Indebtedness coming due in said Fiscal Year.

Such rates, fees, rentals and other charges shall not be so reduced so as to be insufficient to provide adequate Net Revenues and Other Available Moneys for the purposes provided therefor by the Resolution.

If, in any Fiscal Year, the County shall fail to comply with the requirements contained in the Resolution, it shall cause the Airport Consultant to review its rates, fees, rentals, charges, income, Gross Revenues, Other Available Moneys, Operating and Maintenance Costs and methods of operation and to make written recommendations as to the methods by which the County may promptly seek to comply with such requirements. The County shall forthwith commence to implement such recommendations to the extent required so as to thereafter comply with the requirements.

#### **Optional Tender of Series 2006 Bonds in Weekly Rate Period**

Series 2006 Bonds accruing interest at Weekly Rates may be tendered for purchase, at the option of the owners thereof, at a purchase price equal to 100% of the principal amount of such Series 2006 Bonds (or portions in Authorized Denominations) plus accrued interest, if any, to the purchase date. The owners of Series 2006 Bonds (or the beneficial owners of Series 2006 Bonds held in a Book-Entry System ("Beneficial Owners")) accruing interest at Weekly Rates may elect (directly or through the applicable DTC direct Participant) to have their Series 2006 Bonds or beneficial interests (or portions thereof in at Authorized Denominations) purchased on any Business Day upon Electronic Notice (i.e., facsimile transmission or telephone, confirmed in writing) of tender given to the Paying Agent not later than [5:00 p.m.], New York City time, on a Business Day at least 7 days prior to the purchase date.

Each notice of tender must be delivered by the Bondowner (or if the Series 2006 Bonds are held under the Book-Entry System, by the Beneficial Owner through its Participant in the Securities Depository) to the Paying Agent and the Remarketing Agent at their notice addresses (as provided in the

Resolution) and be in form satisfactory to the Paying Agent. The notice shall state (A) the principal amount of Series 2006 Bonds or beneficial interest (or portion thereof in Authorized Denominations) to be tendered, (B) that the owner irrevocably demands purchase of such Series 2006 Bonds or beneficial interest (or portion thereof in Authorized Denominations) to be tendered, (C) the date on which such Series 2006 Bonds or beneficial interest (or portion thereof in Authorized Denominations) to be tendered is to be purchased, and (D) the identity of the Participant through which the Beneficial Owner maintains its interest and payment instructions with respect to the purchase price.

The notice shall automatically constitute (A) an irrevocable offer to sell the Series 2006 Bonds or beneficial interest therein (or portion thereof) to which the notice relates on the purchase date at the purchase price, (B) an irrevocable authorization and instruction to the Paying Agent to effect transfer of such Series 2006 Bonds (or portion thereof) upon payment of the purchase price to the Paying Agent on the purchase date, (C) an agreement of the owner (or Beneficial Owner through its Participant in the Securities Depository) to make arrangements to deliver and transfer the Series 2006 Bonds or beneficial interest being tendered, with all necessary endorsements for transfer and signature guarantees, to the Paying Agent at its designated payment office not later than [11:00 a.m.], New York City time, on the purchase date or by causing its Direct Participant to transfer its interest in the Series 2006 Bonds equal to such Beneficial Owner's interest on the records of the securities Depository to the participant record of the Paying Agent or its agent with the Securities Depository, and (D) an acknowledgment that such owner will have no further rights with respect to such Series 2006 Bonds (or portion thereof) upon payment of the purchase price thereof to the Paying Agent on the purchase date, except for the right of such owner to receive such purchase price upon delivery of such Series 2006 Bonds to the Paying Agent, and that after the purchase date such owner will hold any undelivered bond certificate as agent for the Paying Agent.

While the Book-Entry System is in effect, on the same date as delivery of the notice described above, a beneficial owner shall also require its Participant (as hereinafter defined) in the Securities Depository to deliver to the Securities Depository a notice irrevocably instructing it to transfer on the registration books of the Securities Depository the beneficial ownership interest in the Series 2006 Bonds being tendered to the account of the Paying Agent, for settlement on the purchase date as described above, on a "free delivery" basis, with a copy of such notice delivered to the Paying Agent on the same date.

#### **Mandatory Tender of Series 2006 Bonds**

Series 2006 Bonds bearing interest at Weekly Rates are subject to mandatory tender for purchase at a purchase price equal to 100% of the principal amount of such Series 2006 Bonds, plus accrued interest, if any, to the purchase date as follows:

**Mandatory Tender of Weekly Rate Series 2006 Bonds.** Series 2006 Bonds accruing interest at a Weekly Rate are subject to mandatory tender for purchase on any Interest Payment Date applicable to such Series 2006 Bonds upon written demand of the County with the prior written consent of the Bank.

**Mandatory Tender Upon Conversions between Rate Periods.** Series 2006 Bonds to be converted from Weekly Rate Period to a Fixed Rate Period are subject to mandatory tender for purchase on the Conversion Date.

**Mandatory Tender Upon Expiration or Termination of the Letter of Credit.** The Series 2006 Bonds are subject to mandatory tender for purchase on the 5<sup>th</sup> Business Day prior to the expiration or

termination of the Letter of Credit if the Paying Agent has not received evidence satisfactory to it by the 45<sup>th</sup> day preceding the scheduled expiration or termination date of an extension of the then existing Letter of Credit or the issuance of an Alternate Letter of Credit meeting the requirements of the Resolution.

**Mandatory Tender Upon Substitution of Alternate Letter of Credit.** The Series 2006 Bonds are subject to mandatory tender for purchase on the date of substitution of an Alternate Letter of Credit for the then existing Letter of Credit.

**Notice of Mandatory Tender.** The Paying Agent shall give notice of a mandatory tender of Series 2006 Bonds for purchase to the owners of the Series 2006 Bonds, the County, the Bank, the Remarketing Agent, principal bond depositories, information services and each rating agency maintaining a rating on the Series 2006 Bonds not less than 15 days before the mandatory tender date. If the Series 2006 Bonds are in certificated form, the notice shall include information with respect to required delivery of bond certificates and payment of the purchase price. The notice will state (1) the purchase date, (2) the purchase price, (3) if a Book-Entry System is not in effect, that the Series 2006 Bonds subject to mandatory tender must be surrendered to collect the purchase price, (4) if a Book-Entry System is not in effect, the address at which the Series 2006 Bonds must be surrendered, and (5) that interest on the Series 2006 Bonds (or beneficial interests) purchased ceases to accrue on the purchase date. In addition, if a Letter of Credit is expiring (or being replaced), the notice will state the expiration or replacement date and that the expiration or replacement might result in a reduction or withdrawal of any rating of the Series 2006 Bonds.

Failure to give any required notice of Mandatory Tender as to any particular Series 2006 Bond will not affect the validity of the purchase of any Series 2006 Bonds in respect of which no such failure has occurred. Any notice mailed as provided in the Resolution will be conclusively presumed to have been given whether or not actually received by any bondowner.

**Delivery of Tendered Series 2006 Bonds.** So long as the Series 2006 Bonds are held in a Book-Entry System, transfers of beneficial ownership of the Series 2006 Bonds to purchasers thereof upon a tender for purchase and remarketing will be effected on the registration books of the Securities Depository pursuant to its rules and procedures. When a Book-Entry System is in effect, any requirement for physical delivery of the Series 2006 Bonds in connection with an optional or mandatory tender will be deemed satisfied by the Paying Agent when the ownership rights in the Series 2006 Bonds are transferred by direct participants ("Participants") on the records of the Securities Depository. See "Book-Entry System" below).

When and if a Book-Entry System is not in effect, all tendered Series 2006 Bonds must be delivered to the Paying Agent at or prior to 11:00 a.m., New York City time, on the purchase date to the designated payment office of the Paying Agent or its designated agent or drop service in New York City. The Series 2006 Bonds shall be accompanied by an instrument of transfer satisfactory to the Paying Agent, executed in blank by the owner, with all signatures guaranteed. The Paying Agent may refuse to accept delivery of any Series 2006 Bonds for which an instrument of transfer satisfactory to it has not been provided and shall have no obligation to pay the purchase price of such Series 2006 Bonds until a satisfactory instrument is delivered. If the owner of any Series 2006 Bonds (or portion thereof) in certificated form that is subject to optional or mandatory purchase fails to deliver such Series 2006 Bonds to the Paying Agent for purchase on the purchase date, and if the Paying Agent is in receipt of the purchase price therefor, such Series 2006 Bonds (or portion thereof) shall nevertheless be deemed purchased on the purchase date thereof and ownership of such Series 2006 Bonds (or portion thereof)



shall be transferred to the purchaser. Any owner who fails to deliver such Series 2006 Bonds for purchase shall have no further rights thereunder except the right to receive the purchase price thereof upon presentation and surrender of said Series 2006 Bonds to the Paying Agent.

#### **Remarketing and Purchase of Tendered Series 2006 Bonds**

**Remarketing of Series 2006 Bonds.** Unless otherwise instructed by the County, with the written consent of the Bank, the Remarketing Agent shall offer for sale and use its best efforts to find purchasers for all Series 2006 Bonds or portions thereof for which notice of tender has been received pursuant to the optional tender provisions, or which are subject to mandatory tender under certain of the circumstances as described above. The Remarketing Agent will not remarket any Series 2006 Bonds that is optionally tendered as to which a notice of redemption or a notice of mandatory tender has been given by the Paying Agent if the purchase date would occur on or after the 8<sup>th</sup> day prior to the redemption date or mandatory tender date, unless the Remarketing Agent consents and has notified the purchaser of the redemption notice or the mandatory tender and in any event will not remarket the Series 2006 Bonds on or after the second day prior to the redemption date or mandatory tender date. In addition, the Remarketing Agent may not knowingly remarket any Series 2006 Bonds to the County (or any "insider", as defined in the United States Bankruptcy Code, of the County). In addition, Series 2006 Bonds will not be offered for sale by the Remarketing Agent during the continuance of an event of default under the Resolution of which the Remarketing Agent has notice, unless the purchaser of such Series 2006 Bonds is given notice of such event of default and will not in any event remarket any Series 2006 Bonds if a Letter of Credit is in effect and following the occurrence of an Event of Default, the principal and interest on the Series 2006 Bonds has become immediately due and payable.

**Purchase of Tendered Series 2006 Bonds.** At or before 1:45 p.m., New York City time, on the purchase date for tendered Series 2006 Bonds and upon receipt by the Paying Agent of 100% of the aggregate purchase price of the tendered Series 2006 Bonds, the Paying Agent shall pay the purchase price of such Series 2006 Bonds to the owners thereof. Such payments shall be made in immediately available funds.

**Registration and Delivery of Purchased Series 2006 Bonds.** On the date of purchase, the Paying Agent shall register and deliver (or hold) all Series 2006 Bonds purchased on any purchase date as follows: (1) Series 2006 Bonds purchased or remarketed by the Remarketing Agent shall be registered and made available to the Remarketing Agent by 12:00 noon, New York City time, in accordance with the instructions of the Remarketing Agent, (2) Series 2006 Bonds purchased with proceeds made available through the Letter of Credit shall be registered in the name of the Bank and shall be held by the Paying Agent as "Bank Bonds" as described in the following paragraph, and (3) Series 2006 Bonds purchased with amounts provided by the County shall be registered in the name of the County and shall be held in trust by the Paying Agent on behalf of the County and shall not be released from such trust unless the Paying Agent shall have received written instructions from the County. Notwithstanding anything herein to the contrary, so long as the Series 2006 Bonds are held under a Book-Entry System, Series 2006 Bonds will not be delivered as set forth above; rather, transfers of beneficial ownership of the Series 2006 Bonds to the Person indicated above will be effected on the registration books of the Securities Depository pursuant to its rules and procedures.

**Bank Bonds.** Series 2006 Bonds purchased with proceeds made available through the Letter of Credit shall be deemed purchased by the County for the benefit of the Bank, shall constitute "Bank Bonds," and shall be held by the Paying Agent as fiduciary for the Bank (and shall be shown as Bank

Bonds on the bond register or, if the Series 2006 Bonds are held in the Book-Entry System, such Bank Bonds shall be recorded in the books of the Securities Depository for the account of the Paying Agent, as custodian for the Bank) in accordance with the provisions of the Resolution and the Reimbursement Agreement. The Remarketing Agent shall continue to use its best efforts to arrange for the sale of any Bank Bonds, subject to full reinstatement of the amount available to be drawn under the Letter of Credit with respect to such Series 2006 Bonds, and notice thereof to the Bank at which time the Bank's security interest in the Series 2006 Bonds shall be released.

#### **Redemption of Series 2006 Bonds Before Maturity**

The Series 2006 Bonds are subject to optional and mandatory redemption prior to maturity at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date, as described below. The redemption price will be paid to the registered owner in immediately available funds by the close of business on the redemption date. While any Series 2006 Bonds are held by the Securities Depository, such payments will be made to the Securities Depository, and the rules and practices of the Securities Depository and its Participants will determine when Beneficial Owners receive such payments. See "- Book-Entry System" below. Series 2006 Bonds tendered for purchase on a date after a call for redemption but before the redemption date will be purchased pursuant to the tender.

**Optional Redemption At the Option of the County.** When interest on the Series 2006 Bonds is payable at a Weekly Rate the Series 2006 Bonds may be redeemed in whole or part, in Authorized Denominations, on any date at option of the County, at a redemption price equal to 100% of the principal amount thereof to be redeemed, plus interest accrued to the redemption date. Under the terms of the Reimbursement Agreement the County has agreed that it will cause Series 2006 Bonds to be redeemed prior to maturity in accordance with a schedule established in the Reimbursement Agreement. The schedule of optional redemptions contained in the Reimbursement Agreement may be amended by the Bank and the County without the consent of, or notice to, holders of the Series 2006 Bonds.

**Mandatory Redemption Upon Demand by Bank.** The Series 2006 Bonds are subject to mandatory redemption in whole or in part at the earliest date for which notice of redemption can be given upon receipt by the Paying Agent of written notice from the Bank requesting such redemption, specifying the principal amount of the Series 2006 Bonds to be redeemed (if less than all of the Series 2006 Bonds are to be redeemed) and stating that (1) a Designated Event of Default under and as defined in the Reimbursement Agreement has occurred and is continuing, or (2) it holds as the registered or beneficial owner Series 2006 Bonds purchased by the Bank and not remarketed; provided, however, only Series 2006 Bonds so held by the Bank shall be subject to mandatory redemption pursuant to clause (2).

**Purchase in Lieu of Redemption.** When Series 2006 Bonds are called for redemption upon the demand of the Bank Bonds paid by the County or paid from a draw or claim under the Letter of Credit or otherwise paid by or on behalf of the Bank shall be purchased in lieu of redemption on the applicable redemption date at a purchase price equal to the principal amount thereof, plus accrued interest thereon to but not including the date of such purchase, if the Paying Agent has received a written request on or before the Business Day prior to said purchase date from the County or the Bank, as the case may be, specifying that the moneys provided or to be provided by such party shall be used to purchase Series 2006 Bonds in lieu of redemption. Any purchase by the County pursuant to the terms of this paragraph must be made with Eligible Moneys (as defined in the Resolution).

**Notice of Redemption.** At least 30 days before each redemption (15 days in the case of a mandatory redemption at the demand of the Bank), the Paying Agent will mail notice of redemption by first-class mail to each Bondholder at the holder's registered address. Any defect in any notice or the failure of any parties to receive any notice of redemption shall not affect the validity of any proceedings for the redemption of any Series 2006 Bonds. Any notice mailed as provided in this paragraph will be conclusively presumed to have been given whether or not actually received by the addressee. So long as the Securities Depository is effecting book-entry transfers of the Series 2006 Bonds, the Paying Agent shall provide the notice only to the Securities Depository. It is expected that the Securities Depository shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the Beneficial Owners.

With respect to optional redemptions, made solely at the option of the County, such notice may be conditional upon moneys being on deposit with the Paying Agent on or prior to the redemption date in an amount sufficient to pay the redemption price on the redemption date. If such notice is conditional and moneys are not received, such notice shall be of no force and effect, the Paying Agent shall not redeem such Series 2006 Bonds and the Paying Agent shall give notice, in the same manner in which the notice of redemption was given, that such moneys were not so received and that such Series 2006 Bonds will not be redeemed.

**Effect of Notice of Redemption.** Except as otherwise described in the preceding paragraph with respect to a conditional notice of redemption, when notice of redemption is required and given, Series 2006 Bonds called for redemption become due and payable on the redemption date at the applicable redemption price, and in such case when funds are deposited with the Paying Agent sufficient for redemption, interest on the Series 2006 Bonds to be redeemed ceases to accrue as of the date of redemption.

#### **Book-Entry Only System**

THE FOLLOWING INFORMATION CONCERNING DTC AND DTC'S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE COUNTY, THE BANK, AND THE UNDERWRITER, BELIEVES TO BE RELIABLE, BUT THE COUNTY TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

DTC will act as securities depository for the Series 2006 Bonds. The Series 2006 Bonds will be registered in the name of Cede & Co. (DTC's partnership nominee). Purchases of beneficial ownership interests in the Series 2006 Bonds will be made in book-entry only form, in the denominations hereinbefore described. Purchasers of beneficial ownership interests in the Series 2006 Bonds ("Beneficial Owners") will not receive bond certificates representing their ownership interests in the Series 2006 Bonds, except in the event that use of the book-entry only system for the Series 2006 Bonds is discontinued. One fully registered certificate will be issued for each maturity of the Series 2006 Bonds, and deposited with DTC.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2006 BONDS, AS NOMINEE OF DTC, CERTAIN REFERENCES IN THIS OFFICIAL STATEMENT TO THE BONDHOLDERS OR REGISTERED OWNERS OF THE SERIES 2006 BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2006 BONDS. THE DESCRIPTION WHICH FOLLOWS OF THE PROCEDURES AND RECORD KEEPING WITH RESPECT TO BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2006 BONDS, PAYMENT OF INTEREST

AND PRINCIPAL ON THE SERIES 2006 BONDS TO DIRECT PARTICIPANTS (AS HEREINAFTER DEFINED) OR BENEFICIAL OWNERS OF THE SERIES 2006 BONDS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2006 BONDS, AND OTHER RELATED TRANSACTIONS BY AND BETWEEN DTC, THE DIRECT PARTICIPANTS AND BENEFICIAL OWNERS OF THE SERIES 2006 BONDS IS BASED SOLELY ON INFORMATION FURNISHED BY DTC. ACCORDINGLY, THE COUNTY NEITHER MAKES NOR CAN MAKE ANY REPRESENTATIONS CONCERNING THESE MATTERS.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants (the "Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of securities transactions, in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust and Clearing Corporation ("DTCC"). DTCC, in turn is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation, as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers, dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). DTC has Standard and Poor's highest rating: AAA. The DTC rules applicable to DTC and its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of Series 2006 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for such Series 2006 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2006 Bond (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2006 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their beneficial interests in the Series 2006 Bonds, except in the event that use of the book-entry system for the Series 2006 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2006 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2006 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2006 Bonds. DTC's

records reflect only the identity of the Direct Participants to whose accounts such Series 2006 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping an account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements made among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices shall be sent to DTC. If less than all of the Series 2006 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such bonds, as the case may be, to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2006 Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2006 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2006 Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the County or the Registrar on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct or Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct or Indirect Participants and not of DTC, the Registrar or the County, subject to any statutory and regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the County and/or the Paying Agent for the Series 2006 Bonds. Disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of the Direct and Indirect Participants.

A Beneficial Owner may give notice to elect to have its Series 2006 Bonds purchased or tendered, through its Participant, to the Paying Agent and the Remarketing Agent, and will effect delivery of such Series 2006 Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2006 Bonds, on DTC's records, to the Paying Agent. The requirement for physical delivery of Series 2006 Bonds in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2006 Bonds are transferred by Direct Participants on DTC's records.

DTC may discontinue providing its services as securities depository with respect to the Series 2006 Bonds at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor securities depository is not obtained, certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered as described in the Resolution.

THE COUNTY, THE BANK, THE UNDERWRITER, THE REMARKETING AGENT AND THE PAYING AGENT WILL HAVE NO RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON NOT SHOWN ON THE REGISTRATION BOOKS OF THE PAYING AGENT AS BEING A REGISTERED OWNER WITH RESPECT TO: (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (2) THE PAYMENT OF ANY AMOUNT DUE BY DTC TO ANY DIRECT PARTICIPANT OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OR REDEMPTION OR PURCHASE PRICE OF OR INTEREST ON THE SERIES 2006 BONDS; (3) THE DELIVERY OF ANY NOTICE BY DTC TO ANY DIRECT PARTICIPANT OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED TO BE GIVEN TO REGISTERED OWNERS UNDER THE TERMS OF THE RESOLUTION; (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2006 BONDS; OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS REGISTERED OWNER.

#### **Revision of Book-Entry System; Replacement Series 2006 Bonds**

The Book-Entry System will be discontinued by the Paying Agent, at the direction and expense of the County, and the Paying Agent will cause the delivery of Series 2006 Bonds certificates to Beneficial Owners of the Series 2006 Bonds, registered in the names of such Beneficial Owners and in such principal amounts as will be specified to the Paying Agent by DTC in writing, under the following circumstances:

(a) the County determines that (i) the Securities Depository is unable to properly discharge its responsibilities, (ii) the Securities Depository is no longer qualified to act as a securities depository and a registered clearing agency under the Securities and Exchange Act of 1930, as amended, or (iii) continuation of the Book-Entry System is no longer in the interest of the Beneficial Owners of the Series 2006 Bonds, and no successor Securities Depository is appointed.

(b) Participants representing 50% of the Series 2006 Bonds outstanding certify to the Paying Agent that continuation of the Book-Entry System is no longer in the best interest of the Beneficial Owners of the Series 2006 Bonds.

The Paying Agent may rely on information from the Securities Depository and its Participants as to the names, addresses and principal amounts held by the Beneficial Owners of the Series 2006 Bonds.

In the event that the Book-Entry System is discontinued and a successor securities Depository is not approved, the principal or redemption price of and interest on the Series 2006 Bonds will be payable, and the Series 2006 Bonds will be issued in the Authorized Denominations, in the manner described above under the caption "- General," and the following provisions will apply. Series 2006 Bonds may be transferred or exchanged for other Series 2006 Bonds in Authorized Denominations at the principal corporate trust office of the Paying Agent. The Paying Agent will require the payment by a Bondholder requesting exchange or transfer of any tax or other governmental charge required to be paid in respect of the exchange or transfer but will not impose any other charge on such Bondholder. The Paying Agent will not be required to transfer or exchange any Bonds during the period beginning 15 days before the mailing of notice calling the Series 2006 Bonds and ending at the close of business on the day of such mailing, or to transfer or exchange any Series 2006 Bonds so selected for redemption in whole or in part

or during the period beginning on any Record Date for such Series 2006 Bonds and ending at the close of business on the relevant Interest Payment Date.

### **INTEREST RATE CAP TRANSACTION**

In order to limit its interest rate exposure on the Series 2006 Bonds the County plans to enter into an Interest Rate Cap Transaction on or about \_\_\_\_\_ 2006 with UBS AG, Stamford Branch (the "Counterparty") which will provide maximum interest rate which the Series 2006 Bonds may bear for the first three years following the issuance of the Series 2006 Bonds. [describe counterparty]

### **THE LETTER OF CREDIT**

#### **The Initial Letter of Credit**

The Initial Letter of Credit will be the irrevocable, direct-pay obligation of the Bank to pay to the Paying Agent, upon request and in accordance with the terms thereof, up to (i) an amount sufficient to pay up to \$\_\_\_\_\_ of principal of the Series 2006 Bonds (or that portion of the purchase price of the Series 2006 Bonds corresponding to principal) when due, at maturity or upon acceleration, redemption, purchase pursuant to a tender, defeasance or otherwise plus (ii) an amount equal to 35 days' interest, computed at a maximum interest rate of 12% per annum (based on a year of 365 days), on the Series 2006 Bonds to pay interest thereon (or that portion of the purchase price of the Series 2006 Bonds corresponding to interest).

The Initial Letter of Credit will terminate on the earliest of (i) \_\_\_\_\_, 2009 (such date, as it may be extended from time to time in accordance with the Initial Letter of Credit, being called the "Stated Termination Date"), (ii) the making by the Paying Agent and the honoring by the Bank of the final drawing available to be made under the Letter of Credit; (iii) the day on which the Letter of Credit is surrendered by the Paying Agent to the Bank for termination; (iv) two Business Days following the first day of the first Fixed Rate Period under the Resolution or (v) thirty days after the occurrence of an event of default under the Reimbursement Agreement and receipt by the Paying Agent of a request, in the form attached to the Letter of Credit, that the Paying Agent accelerate payment of the Series 2006 Bonds or, if such day is not a Business Day, on the next succeeding Business Day. The Series 2006 Bonds will be subject to mandatory tender for purchase on the fifth Business Day before the expiration date of the Initial Letter of Credit or any other Letter of Credit or on the date of any substitution of an Alternative Letter of Credit. See "THE SERIES 2006 BONDS - Mandatory Tender Upon Substitution of Alternate Letter of Credit; Mandatory Tender Upon Expiration or Termination of the Letter of Credit."

The Paying Agent is directed under the Resolution to draw upon the Letter of Credit (including the Initial Letter of Credit) (i) to enable the Paying Agent to pay principal of and interest on the Series 2006 Bonds when due and (ii) to enable the Paying Agent to pay the purchase price of Series 2006 Bonds tendered for purchase, in all cases to the extent that other moneys permitted by the Resolution to be applied for such purposes are not available.

Except as described below, under the Initial Letter of Credit, if a drawing for payment is presented by the Paying Agent prior to 1:00 p.m., New York City time, on a Business Day and provided that such drawing and the documents presented in connection therewith conform to the terms and conditions of the Initial Letter of Credit, payment will be made to the Paying Agent of the amount specified, in immediately available funds, not later than 1:30 p.m., New York City time, on the following

Business Day. If a drawing for payment is presented by the Paying Agent under the Initial Letter of Credit after the time specified in the preceding sentence on a Business Day, and provided that such drawing and the documents presented in connection therewith conform to the terms and conditions of the Initial Letter of Credit, payment will be made to the Paying Agent of the amount specified, in immediately available funds, not later than 1:30 p.m., New York City time, on the second Business Day thereafter. Notwithstanding the foregoing, certain draws on the Initial Letter of Credit required to pay optional and mandatory tenders of the Series 2006 Bonds will be paid by 1:30 p.m., New York City time, on the same Business Day of the drawing if such drawing is received not later than 10:00 a.m., New York City time, on that day. If such a drawing is presented by the Paying Agent for payment after the time specified in the preceding sentence on a Business Day, payment will be made not later than 1:30 p.m., New York City time, on the following Business Day.

The obligation of the Bank under the Initial Letter of Credit with respect to the payment of interest and principal on the Series 2006 Bonds will be reduced to the extent of any drawing thereunder, subject to reinstatement with respect to interest drawings as described in the immediately succeeding paragraph. With respect to a drawing by the Paying Agent solely to pay the purchase price of Series 2006 Bonds tendered or required to be tendered for purchase pursuant to the Resolution, the amount available for payment of principal under the Initial Letter of Credit will be reduced by an amount equal to the principal amount of the Series 2006 Bonds tendered and the amount available for payment of interest under the Initial Letter of Credit will be reduced by an amount equal to 35 days of accrued interest on the principal amount of the tendered Series 2006 Bonds (computed at a maximum interest rate on such tendered Series 2006 Bonds of 12% per annum, based on a year of 365 days), subject to reinstatement as described in the second succeeding paragraph.

After a drawing with respect to the payment of interest on the Series 2006 Bonds, the obligation of the Bank to honor demands for payment under the Initial Letter of Credit with respect to the payment of interest on the Series 2006 Bonds will be reinstated by an amount equal to such drawing (subject to any subsequent reductions of the amount of the Initial Letter of Credit); provided, that no portion of an interest drawing applied to interest on the principal amount of Series 2006 Bonds that has been paid shall be reinstated.

After a drawing with respect to the payment or provision for payment of the purchase price of Series 2006 Bonds tendered or required to be tendered for purchase pursuant to the Resolution, the obligation of the Bank to honor demands under the Initial Letter of Credit with respect to such payments will be reinstated by the amount equal to the sum of (i) the principal amount of those Series 2006 Bonds previously purchased with the proceeds of such drawing which have been resold by the Remarketing Agent plus (ii) the amount equal to 35 days' of accrued interest on the principal amount of such Series 2006 Bonds (computed at the maximum interest rate on such Series 2006 Bonds of 12% per annum, based on a year of 365 days), upon delivery of the proceeds of such remarketing or an equivalent amount or such reimbursement payment to the Bank in immediately available funds.

#### **Alternate Letter of Credit**

Pursuant to the terms of the Resolution, the County may elect to replace any Letter of Credit with an Alternate Letter of Credit conforming to the requirements of the Resolution. The County will promptly notify the Paying Agent of its intention to deliver an Alternate Letter of Credit. Upon receipt of such notice, the Paying Agent will deliver a notice of mandatory tender of the Series 2006 Bonds in



accordance with the terms of the Resolution. See "- Mandatory Tender of Series 2006 Bonds - Mandatory Tender Upon Substitution of Alternate Letter of Credit" and "- Notice of Mandatory Tender" above.

### **The Reimbursement Agreement**

Under the Reimbursement Agreement, the County will agree to pay to the Bank certain fees and expenses and will agree to certain affirmative and negative covenants. The occurrence of certain events will be an Event of Default under the Reimbursement Agreement unless waived by the Bank.

### **PLEDGED FUNDS**

The Series 2006 Bonds and the interest thereon are payable solely from and secured by a lien upon and a pledge of (1) the Net Revenues (as defined in the Resolution) to be derived from the operation of the Airport, (2) Other Available Moneys (as defined in the Resolution), (3) any Hedge Receipts and (4) until applied in accordance with the provisions of the Resolution, all moneys, including investments thereof, in certain of the funds and accounts established under the Resolution and (5) the Reserve Account (collectively, the "Pledged Funds"). Excluded from the lien and pledge for the Series 2006 Bonds are (A) moneys in the PFC Account, the PFC Capital Improvement Fund (to the extent not legally available to pay debt service on the Series 2006 Bonds) and the Rebate Fund, (B) moneys in any fund or account to the extent such moneys shall be required to pay the Operating and Maintenance Costs in accordance with the terms of the Resolution, and (C) moneys on deposit in a Subaccount of the Reserve Account established by the Resolution to the extent such moneys are excluded in accordance with the provisions of the Resolution. Such lien and pledge is subject in each case to the application thereof for the purposes and on the conditions permitted by the Resolution. In addition, the 2006 Project Grants (as defined in the Resolution) to the extent they may be lawfully used to pay debt service on the Series 2006 Bonds (as defined in the Resolution) shall constitute "Pledged Funds" solely for such Series 2006 Bonds.

It is expressly agreed by the Registered Holders of the Series 2006 Bonds that the full faith and credit of the County are not pledged to the payment of the principal of, premium, if any, and interest on the Series 2006 Bonds and that a Holder shall never have the right to require or compel the exercise of the taxing power of the County to the payment of such principal, premium, if any, and interest. The Series 2006 Bonds and the obligations evidenced thereby shall not constitute a lien upon the Airport or any other property of the County, but shall constitute a lien only on, and shall be payable solely from, the Pledged Funds in accordance with the terms of the Resolution. Obligations may be issued by the County from time to time on parity with the Series 2006 Bonds pursuant to the terms of the Resolution.

**"Net Revenues"** pursuant to the Resolution means "Gross Revenues" less "Operating and Maintenance Costs."

**"Gross Revenues"** or **"Revenues"** pursuant to the Resolution means for any period all moneys paid or accrued for the use of and for services and facilities furnished by, or in connection with the ownership or operation of, the Airport, or any part thereof or the leasing or use thereof, including, but not limited to (1) rentals, (2) concession fees, (3) use charges, (4) landing fees, (5) license and permit fees, (6) service fees and charges, (7) moneys from the sale of fuel, and or other merchandise, and (8) Investment Earnings; provided, however, that Gross Revenues shall not include (A) proceeds received from the sale of Bonds, Subordinated Indebtedness or Special Purpose Facilities Bonds (as defined in the Resolution), (B) proceeds from the sale or taking by eminent domain of any part of the Airport, (C) gifts or Government Grants (as defined in the Resolution), (D) ad valorem tax revenues, (E) any insurance

proceeds received by the County (other than insurance proceeds paid as compensation for business interruption), (F) amounts received which are required to be paid to any other governmental body, including, but not limited to taxes and impact fees, (G) PFC Revenues, and (H) any noise abatement charges received for disbursement to others.

**"Operating and Maintenance Costs"** pursuant to the Resolution means any and all costs incurred by the County in operating, maintaining and administering the Airport, including, but not limited to, the general administrative and legal costs of the County related to operation, maintenance, management, security and development of the Airport; costs associated with equipment, vehicles, supplies, materials, services and support for the operation, maintenance, management, security and development of the Airport; any costs of litigation or a legal judgment against the County; development expenses relating to expansion of the Airport; all costs incurred in planning or applying for, obtaining, maintaining and defending permits; accounting, legal and engineering expenses; ordinary and current rentals of equipment or other property; refunds of moneys lawfully due to others; pension, retirement, health and hospitalization funds; payments in lieu of taxes and impact fees, and fees for management of the Airport or any portion thereof; but does not include any costs or expenses in respect of original construction or improvement other than expenditures necessary to prevent an interruption or continuance of an interruption of service or of Gross Revenues or minor capital expenditures necessary for the proper and economical operation or maintenance of the Airport, or any provision for interest, depreciation, amortization or similar charges.

**"PFC Revenues"** pursuant to the Resolution means all revenues received by the County from time to time from the Passenger Facility Charges pursuant to PFC Authority imposed by the County at the Airport pursuant to the PFC Act and the PFC Regulations (as such terms are defined in the Resolution) including any investment income with respect thereto and including proceeds thereof and gains from sales of investments after such revenues have been remitted to the County as provided in the PFC Regulations.

**"Pledged Funds"** pursuant to the Resolution means, (1) the Net Revenues, (2) Other Available Moneys, and (3) until applied in accordance with the provisions of the Resolution, all moneys, including investments thereof, in the funds and accounts established thereunder, except (A) moneys in the PFC Account, the PFC Capital Improvement Fund (to the extent not legally available to pay debt service on the Series 2006 Bonds) and the Rebate Fund, (B) moneys in any fund or account to the extent such moneys shall be required to pay the Operating and Maintenance costs in accordance with the terms of the Resolution, and (C) moneys on deposit in a Subaccount of the Reserve Account to the extent moneys on deposit therein shall be pledged solely for the payment of an additional Series of Bonds for which it was established in accordance with the provisions of the Resolution. In addition, the 2006 Project Grants to the extent they may be lawfully used to pay debt service on the Series 2006 Bonds shall constitute "Pledged Funds" solely for the Series 2006 Bonds.

**"2006 Project Grants"** pursuant to the Resolution means the AIP Entitlement Grant in an amount estimated at \$6,900,000 and the Florida Department of Transportation Grant in an amount estimated at \$8,700,000, both of which relate to the acquisition and construction of the 2006 Project.

**"Other Available Moneys"** pursuant to the Resolution means "Eligible PFC Revenues" and "Fund Balance."

**"Passenger Facility Charges" or "PFCs"** pursuant to the Resolution means the passenger facility charges authorized from time to time under the PFC Act and pledged pursuant to the Resolution. Initially, the Passenger Facility Charges shall consist of PFCs approved pursuant to the PFC Authority (#05-10-C-00-EYW) dated August 12, 2005.

**"Eligible PFC Revenues"** pursuant to the Resolution means PFC Revenues which shall be legally available to pay the principal of and interest on each series of the Series 2006 Bonds in accordance with the PFC Act and the PFC Authority.

**"Fund Balance"** pursuant to the Resolution means all moneys equal to the unencumbered moneys in the Airport Reserve Fund and the PFC Capital Improvement Fund (created pursuant to the Resolution) as of September 30 of the immediately preceding Fiscal Year, provided such amounts are legally available to pay debt service on the Series 2006 Bonds.

#### **Passenger Facilities Charges**

Pursuant to 14 Code of Federal Regulations ("CFR") Part 158, airport owners, such as the County, may apply to the Federal Aviation Authority ("FAA") for authorization to impose a fee on every enplaning revenue passenger ("Passenger Facility Charge" or "PFC") at their airport and to use the revenues derived from the PFC to pay the allowable costs of PFC eligible airport improvements. The law limits the number of PFCs imposed on a passenger's single travel itinerary. The level of PFC which may be charged can vary from \$1.00, \$2.00, \$3.00, or \$4.50 depending upon the authorization requested and approved by the FAA. PFCs are collected by each airline which issues a revenue travel itinerary to a passenger and are remitted monthly to the airport less a handling charge which the collecting airline is entitled to retain as compensation for its collecting, handling and remitting the PFC revenue. The airline handling charge authorized by Part 158 is \$0.11 per PFC actually remitted.

Under Part 158, PFCs may be used to fund and finance the allowable costs (project costs and bond-associated debt service and financing costs) of airport-related projects which would be eligible to receive federal grant funding under the Airport Improvement Program and/or which preserve or enhance safety, capacity or security of the national air transportation system, or which reduce aircraft noise, furnish opportunities for enhanced competition between and among airlines, and which have been approved for any such use by the FAA.

In May 2005, the County submitted its tenth PFC application ("PFC Application No. 10") to the FAA to impose and use the revenues derived from a \$4.50 PFC to pay the PFC eligible costs of the 2006 Project. On August 12, 2005, the County received written notice from the FAA that PFC Application No. 10 was approved for collection, meaning that PFCs can be collected for the 2006 Project, but not yet applied to the eligible costs of the 2006 Project. At that time, use of PFCs was not approved due to the pending environmental determinations that are required to be eligible for use. After the County obtained the necessary environmental determination then on January 23, 2006 the County applied for Use Authority ("PFC application No. 11") for the PFC elements of the Project. On February 22, 2006 the County received FAA approval of PFC Application No. 11.

[History of PFCs in Monroe]

**Federal Grants**

The Airport and Airway Improvement Act of 1982 created the Airport Improvement Grant Program ("AIP"), which is administered by the FAA and funded by the Airport and Airway Trust Fund. This fund is financed by federal aviation user taxes. Grants are available to airport operators in the form of "entitlement" funds and "discretionary" funds. Entitlement funds are apportioned annually based upon enplaned passengers and discretionary funds are available at the discretion of the FAA based upon a national priority system. Actual entitlement funds will vary with the actual number of passenger enplanements, with total appropriations for the AIP and with any revision of the existing statutory formula for the calculation of such funds. From \_\_\_\_\_, 1, \_\_\_\_ through \_\_\_\_\_, \_\_, 200\_\_, the County received \$\_\_\_\_\_ in total AIP entitlement and discretionary grants as follows:

Fiscal Years Ended September 30

Such previous grants were used at the Airport primarily for \_\_\_\_\_. The funding plan for the Project assumes \$6,900,000 of Entitlement Grants over the course of [the next] three years at \$2,300,000 per year. Federal fiscal year 2006 AIP Entitlements (\$2,300,000) are anticipated to be used to pay a portion of the 2006 Project. The plan of finance assumes that AIP Entitlements for Federal fiscal years 2007 and 2008 (collectively \$4,600,000) will be used for principal payments on the Series 2006 Bonds.

[Discuss Entitlement Grants]

## State Grants

The Florida Department of Transportation (the "FDOT") administers a grant program funded by a state-imposed aviation fuel tax. Eligible projects under the program may be funded by up to 50% of the sponsors' cost of the project. Such projects include all projects eligible under AIP. General Aviation facilities, including hangars, may be funded up to 80% of the sponsor's cost. From \_\_\_\_\_1, \_\_\_\_ through \_\_\_\_\_, \_\_, 200\_\_, the County received \$\_\_\_\_\_ in FDOT grants as follows:

### Fiscal Years Ended September 30

Such grants were used primarily for \_\_\_\_\_. [Discuss]

[Discuss specifics of FDOT Grants for Monroe Airport Projects]

## INVESTMENT CONSIDERATIONS

### General

The following section describes certain risk factors affecting the payment of and security for the Series 2006 Bonds. The following discussion is not meant to be an exhaustive list of the risks associated with the purchase of the Series 2006 Bonds and does not necessarily reflect the relative importance of the various risks. Potential investors are advised to consider the following specific factors along with all other information described elsewhere or incorporated by reference in this Official Statement in evaluating the Series 2006 Bonds.

### Passenger Facility Charges

Termination of PFCs. The County's authority to impose and use PFCs is subject to certain terms and conditions provided in the PFC Act, the PFC Regulation and the FAA's authorizations to impose PFCs. The County currently is in compliance with all such terms and conditions. If the County fails to comply with these requirements, the FAA may take action to terminate or to reduce the County's authority to impose or to use PFCs. In addition, failure to comply with the provisions of the Airport Noise and Capacity Act may lead to termination of the County's authority to impose PFCs. The FAA's agreement regarding reducing instead of eliminating the County's rights to collect PFCs after unremedied violations is not applicable to noise abatement violations. [The County is in compliance with the Airport Noise and Capacity Act.]

Amendments to PFC Act or PFC Regulations. There is no assurance that the PFC Act will not be repealed or amended or that the PFC Regulations or any FAA authorizations to impose PFCs will not be amended in a manner that would adversely affect the County's ability to collect and use PFC Revenues.

Collection of the PFCs. The ability of the County to collect sufficient PFCs depends upon a number of factors including the operation of the Airport by the County, the use of the Airport by collecting carriers, the efficiency and ability of the collecting carriers to collect and remit PFCs to the County and the number of enplanements at the Airport. The County relies upon the collecting carriers' collection and remittance of PFCs, and both the County and the FAA rely upon the airlines' reports of enplanements and collection statistics.

### **General Factors Affecting County and Airline Revenues**

The revenues of both the County and the airlines may be materially affected by many factors including, without limitation; declining demand, service and cost competition, mergers, the availability and cost of fuel and other necessary supplies, the capacity of the air traffic control system, high fixed costs, high capital requirements, the cost and availability of financing, technological changes, national and international disasters and hostilities, the cost and availability of employees, strikes and other employee disruptions, the maintenance and replacement requirements of aircraft, the availability of routes and slots at various airports, litigation liability, regulation by the federal government, environmental risks and regulations, noise abatement concerns and regulation, deregulation, federal and state bankruptcy and insolvency laws and other risks. Many airlines, as a result of these and other factors, have operated at a loss in the past and several have filed for bankruptcy, ceased operations and/or have merged with other airlines.

### **General Factors Affecting Airline Activity**

There are numerous factors which affect air traffic generally and air traffic at the Airport more specifically. Demand for air travel is influenced by factors such as population, levels of disposable income, the nature, level and concentration of industrial and commercial activity in the service area, and the price of air travel. The price of air travel is, in turn, affected by the number of airlines serving a particular airport and a particular destination, the financial condition, cost structure and hubbing strategies of the airlines serving an airport, the willingness of competing airlines to enter into an airport market, the cost of operating at an airport, the price of fuel, and any operating constraints (due to capacity, environmental concerns or other related factors) limiting the frequency or timing of airport traffic within the national system or at a particular airport. In addition, the hostilities in Afghanistan, Iraq and elsewhere and the threat of renewed terrorist attacks may dampen air traffic.

### **Effect of Airline Bankruptcy**

In the event of bankruptcy proceedings involving one or more of the airlines operating at the Airport, the debtor or its bankruptcy trustee must determine within a time period determined by the court whether to assume or reject any lease agreements or operating agreements. In the event of assumption, the debtor would be required to cure any prior defaults and to provide adequate assurance of future performances under the relevant agreements. Rejection of a lease or an executory contract by any of such airlines would give rise to an unsecured claim of the County for damages, the amount of which in the case of a lease is limited by the Bankruptcy Code.

The PFC Act was amended in 1996 to provide that PFCs that are held by an airline constitute a trust fund that is held for the beneficial interest of the eligible agency imposing the PFCs and that the collecting airline holds neither legal nor equitable interest in the PFC revenues, except for any handling

fee or retention of interest collected on unremitted proceeds. In addition, federal regulations require airlines to account for PFC collections separately and to disclose in their financial statements the existence and amount of funds regarded as trust funds. The airlines, however, are permitted to commingle PFC collections with their other sources of revenue and are also entitled to retain interest earned on PFC collections until such PFC collections must be remitted. If an air carrier is in liquidation or bankruptcy proceedings, however, it is prohibited from commingling PFC collections with other revenue and from granting a security interest in PFC collections to a third party.

## **AVIATION AND AIRLINE INDUSTRY**

### **Uncertainties of the Airline Industry**

[To be updated per Report]

[Discuss]

### **Factors Affecting Air Traffic at Airport**

The continued economic viability of the County's Airport depends principally upon the future demand for air service at the Airport. In addition to the socioeconomic conditions of the air service area as well as historical Airport passenger and other aeronautical activity, there are several factors that could influence future levels of passenger traffic at the Airport, among which are the following factors (1) national economic conditions; (2) state of the airline industry; (3) expansion of regional airlines; (4) cost and availability of aviation fuel and insurance; (5) aviation taxes; (6) air fares and the expansion of low cost carriers; (7) existence and location of competing airports; and (8) potential impact of hurricanes. For a discussion of the factors, see APPENDIX C – "REPORT OF THE AIRPORT CONSULTANT".

## **THE RESOLUTION**

### **Issuance of Series 2006 Bonds**

The County will issue the Series 2006 Bonds for the primary purpose of providing funds to pay the cost of acquiring, constructing, furnishing and equipping the Project.

### **Events of Default and Remedies**

The following events under the Resolution shall constitute an "Event of Default".

(a) Default shall be made in the payment of the principal of, Sinking Fund Installment, redemption premium or interest on any Series 2006 Bond when due.

(b) There shall occur the dissolution or liquidation of the County, or the filing by the County of a voluntary petition in bankruptcy, or the commission by the County of any act of bankruptcy, or adjudication of the County as a bankrupt, or assignment by the County for the benefit of its creditors, or appointment of a receiver for the County, or the entry by the County into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the County in any proceeding for its reorganization instituted under the provisions of the Federal Bankruptcy Act, as amended, or under any similar act in any jurisdiction which may now be in effect or hereafter adopted.

(c) The County shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Series 2006 Bonds or in the Resolution on the part of the County to be performed, and such default shall continue for a period of 90 days after written notice of such default shall have been received from an Insurer or the Holders of not less than 25% of the aggregate principal amount of bonds Outstanding. Notwithstanding the foregoing, the County shall not be deemed to be in default under the Resolution if such default can be cured within a reasonable period of time and if the County in good faith institutes appropriate curative action and diligently pursues such action until default has been corrected; provided, however, no such curative action shall exceed 90 days without the prior written consent of the Insurer.

The County shall provide immediate notice of any Event of Default described in (a) above to all affected Bondholders. The County shall provide notice of any other Event of Default to all affected Bondholders within 30 days of the County's knowledge thereof.

### **Repayment**

On or before any Interest Payment Date for the Series 2006 Bonds or any other date that any payment of interest, premium, if any, or principal is required to be made in respect of the Series 2006 Bonds pursuant to the Resolution, until the principal of, premium, if any, and interest on the Series 2006 Bonds have been fully paid or provision for the payment thereof has been made in accordance with the Resolution, the County will pay to the Paying Agent in immediately available funds, a sum which, together with any other moneys available for such purpose in any account of the Debt Service Fund (established under the Resolution) will enable the Paying Agent to pay the amount payable on such date as principal of (whether at maturity or upon redemption or acceleration or otherwise), premium, if any, and interest on the Series 2006 Bonds as provided in the Resolution. The County also will pay or cause to be paid, to the Paying Agent, such amounts as are necessary to enable the Paying Agent to pay the purchase price of Series 2006 Bonds delivered to it for purchase, all as more particularly described in the Resolution. The obligation of the County to make any payment of purchase price of the Series 2006 Bonds will be reduced by the amount of moneys available for such payment in the Remarketing Account of the Bond Purchase Fund (established under the Resolution). In addition, the obligation of the County to make any payment (whether principal, premium, interest or purchase price) will be deemed satisfied and discharged to the extent of the corresponding payment made by the Bank under the Letter of Credit.

### **Debt Service Fund and Bond Purchase Fund**

The Resolution provides for a Debt Service Fund to be established, which includes therein a Letter of Credit Account, an Eligible Moneys Account and a Non-Eligible Moneys Account. Payments by the County in respect of principal of, and premium, if any, and interest on the Series 2006 Bonds. Amounts derived from the Letter of Credit for the payment of principal of, premium, if any, and interest on the Series 2006 Bonds will be deposited into the Letter of Credit Account of the Debt Service Fund. Any excess Series 2006 Bonds proceeds not needed to complete the Project shall be deposited to the Eligible Moneys Account of the Debt Service Fund. In addition, any other funds initially deposited to the Non-Eligible Moneys Account of the Debt Service Fund which, on account of the passage of time, constitute "Eligible Moneys" shall be transferred to the Eligible Moneys Account of the Debt Service Fund. Amounts deposited to the Debt Service Fund will be applied to the payment of principal of, premium, if any, and interest on the Series 2006 Bonds.



The Resolution also provides for a Bond Purchase Fund to be established with the Paying Agent which will include therein a Remarketing Account, a Bank Purchase Account and an County Purchase Account. Amounts received from the remarketing of Series 2006 Bonds by the Remarketing Agent on account of any optional or mandatory tender will be deposited to the Remarketing Account of the Bond Purchase Fund. Amounts drawn on the Letter of Credit for the purchase of Series 2006 Bonds on account of any optional or mandatory tender will be deposited into the Bank Purchase Account, and amounts, provided by the County to purchase Series 2006 Bonds, if needed, will be deposited to the County Purchase Account of the Bond Purchase Fund. Amounts deposited to the Bond Purchase Fund will be used to pay the purchase price of Series 2006 Bonds tendered for optional or mandatory tender. The Paying Agent will apply such payment first from the Remarketing Account, then from the Bank Purchase Account and finally from the County Purchase Account.

### **Construction Fund**

The Resolution provides for a Construction Fund to be established thereunder.

There shall be paid into the Construction Fund the amounts required to be so paid by the provisions of the Resolution, and there may be paid into the Construction Fund, at the option of the County, any moneys received for or in connection with a Project by the County from any other source.

The County shall establish within the Construction Fund a separate account for each Project, the Cost of which is to be paid in whole or in part out of the Construction Fund. The County shall establish the "Series 2006 Account" within the Construction Fund for the 2006 Project. Moneys in such Account shall be used to pay the Costs of the 2006 Project.

### **Investment of Moneys**

Pursuant to the Resolution, moneys on deposit in the Construction Fund, the Sinking Fund, the PFC Capital Improvement Fund, the Operation, Maintenance and Administration Fund, the Airport Reserve Fund, the Renewal and Replacement Fund and the Revenue Fund shall be continuously secured in the manner by which the deposit of public funds are authorized to be secured by the laws of the State. Moneys on deposit in the Construction Fund, the PFC Capital Improvement Fund, the Operation, Maintenance and Administration Fund, the Airport Reserve Fund, the Renewal and Replacement Fund, the Revenue Fund and the Sinking Fund (other than the Reserve Account) shall be invested and reinvested by the County in Authorized Investments (as defined in the Resolution), maturing not later than the dates on which such moneys will be needed for the purposes of such Fund or Account. [Moneys on deposit in the Reserve Account may be invested or reinvested by the County in Authorized Investments which shall have an average aggregate weighted term to maturity not greater than ten years.] Notwithstanding any other provision of the Resolution, all amounts on deposit in the Construction Fund or Interest Account representing accrued interest and capitalized interest shall be held by the County, shall be pledged solely to the payment of interest on the Series 2006 Bonds and, shall be invested only in Federal Securities (as defined in the Resolution) maturing in such times and in such amounts as are necessary to pay the interest to which they are pledged; provided, however, amounts on deposit in the Interest Account representing accrued and capitalized interest shall be invested only in cash or direct obligations of the United States of America or any combination thereof and shall be used only for the purpose of paying interest on the Bonds which funded such accrued and capitalized interest. All investments shall be valued at amortized cost; [provided, however, investments in the Reserve Account shall be valued at the market value thereof, exclusive of accrued interest. Investments in the

Reserve Account shall be valued by the County on an annual basis on March 1 of each year.]

Any and all income received from the investment of moneys in each separate account of the Construction Fund, the Interest Account, the Principal Account, the Term Bonds Redemption Account, the Airport Reserve Fund, the PFC Capital Improvement Fund, the PFC Account, the Revenue Account, the Reserve Account (to the extent such income and the other amounts in the Reserve Account do not exceed the Reserve Account Requirement) and the Renewal and Replacement Fund (to the extent such income and other amounts in the Renewal and Replacement Fund do not exceed the Renewal and Replacement Fund Requirement), shall be retained in such respective Fund or Account.

Any and all income received from the investment of moneys in the Reserve Account (only to the extent such income and the other amounts in the Reserve Account exceeds the Reserve Account Requirement) and of moneys in the Renewal and Replacement Fund (only to the extent such income and other amounts in the Renewal and Replacement Fund exceeds the Renewal and Replacement Fund Requirement), shall be deposited upon receipt thereof in the Revenue Account.

#### **FINANCIAL ADVISOR**

The County has retained Public Financial Management, Inc., Fort Myers, Florida, as Financial Advisor in connection with the County's financing plans and with respect to the authorization and issuance of the Series 2006 Bonds. The Financial Advisor is not obligated to undertake and has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement. The Financial Advisor did not participate in the underwriting of the Series 2006 Bonds. An affiliate of the Financial Advisor may receive a fee for bidding investments for certain proceeds of the Series 2006 Bonds.

#### **INDEPENDENT ACCOUNTANTS**

The County's Basic Audited Financial Statements for the Fiscal Year Ended September 30, 2005 and a report thereon of a firm of independent certified public accountants engaged by the County is attached hereto as "APPENDIX E – BASIC AUDITED FINANCIAL STATEMENTS." Such financial reports, including the auditors report, have been included in this Official Statement as public documents and consent from the County's auditor was not requested or required. The auditor has not performed any services relating to, and is therefore not associated with, the issuance of the Series 2006 Bonds.

The Series 2006 Bonds are payable solely from the Pledged Funds as described in the Resolution and herein and the Series 2006 Bonds are not otherwise secured by, or payable from, the general revenues of the County. The Basic Audited Financial Statements attached hereto as APPENDIX E are presented for general information purposes only.

The County covenanted and agreed in the Resolution to, immediately after the close of each Fiscal Year, cause the financial statements of the County to be properly audited by a recognized independent certified public accountant or recognized independent firm of certified public accountants, and shall require such accountants to complete their report on the annual financial statements in accordance with applicable law. The annual financial statement shall be prepared in conformity with generally accepted accounting principles consistently applied.

#### **UNDERWRITING**

Under the terms of a Purchase Contract with the County, UBS Securities LLC (the "Underwriter") has agreed, subject to the approval of certain legal matters by counsel and to certain other conditions, to purchase the Series 2006 Bonds at the public offering price set forth on the cover page of this Official Statement. As compensation for such agreement to purchase the Series 2006 Bonds, the County has agreed to pay to the Underwriter an Underwriter's commission of \$\_\_\_\_\_. The Underwriter has agreed to purchase all of the Series 2006 Bonds if any of the Series 2006 Bonds are purchased.

## **TAX MATTERS**

### **General**

The Internal Revenue Code of 1986, as amended (the "Code"), contains a number of requirements and restrictions which apply to the Series 2006 Bonds, including investment restrictions, a requirement of periodic payments of arbitrage profits to the United States, requirements regarding the timely and proper use of bond proceeds and the facilities financed therewith, and certain other matters. The County has covenanted to comply with all requirements of the Code that must be satisfied in order for the interest on the Series 2006 Bonds to be excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause interest on the Series 2006 Bonds to be included in gross income retroactive to the date of issuance of the Series 2006 Bonds.

Subject to the condition that the County will comply with the pertinent requirements of the Code, in the opinion of Bond Counsel, under present law, interest on the Series 2006 Bonds (i) is not included in the gross income of the owners thereof for federal income tax purposes, except during any period while a Series 2006 Bond is held by a "substantial user" of the facilities financed or refinanced by the Series 2006 Bonds or a "related person" within the meaning of Section 147(a) of the Code, and (2) is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations.

As to questions of fact material to the opinion of Bond Counsel, Bond Counsel will rely upon representations and covenants made on behalf of the County in the Resolution, certificates of appropriate officers of the County and certificates of public officials (including certifications as to the use of Series 2006 Bond proceeds and of the property financed thereby), without undertaking to verify the same by independent investigation.

The Code contains numerous provisions which could affect the economic value of the Series 2006 Bonds to certain Series 2006 Bondholders. Prospective Series 2006 Bondholders, however, should consult their own tax advisors with respect to the impact of such provisions on their own tax situations.

The Series 2006 Bonds will not be "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Code. Interest or indebtedness incurred or continued to purchase or carry the Series 2006 Bonds, or in the case of banks and certain other financial institutions, interest expense allocated to interest on the Series 2006 Bonds, will not be deductible for federal income tax purposes.

### **Internal Revenue Code of 1986**

The Code contains a number of provisions that apply to the Series 2006 Bonds, including, among other things, restrictions relating to the use or investment of the proceeds of the Series 2006 Bonds and the payment of certain arbitrage earnings in excess of the "yield" on the Series 2006 Bonds to the Treasury of

the United States. Noncompliance with such provisions may result in interest on the Series 2006 Bonds being included in gross income for federal income tax purposes retroactive to their date of issuance.

### **Collateral Tax Consequences**

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of, the Series 2006 Bonds. Prospective purchasers of Series 2006 Bonds should be aware that the ownership of Series 2006 Bonds may result in other collateral federal tax consequences. For example, ownership of the Series 2006 Bonds may result in collateral tax consequences to various types of corporations relating to (1) denial of interest deduction to purchase or carry such Series 2006 Bonds, (2) the branch profits tax, and (3) the inclusion of interest on the Series 2006 Bonds in passive income for certain Subchapter S corporations. In addition, the interest on the Series 2006 Bonds may be included in gross income by recipients of certain Social Security and Railroad Retirement benefits.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE SERIES 2006 BONDS AND THE RECEIPT OR ACCRUAL OF THE INTEREST THEREON MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUAL AND CORPORATE BONDHOLDERS, INCLUDING, BUT NOT LIMITED TO, THE CONSEQUENCES REFERRED TO ABOVE. PROSPECTIVE BONDHOLDERS SHOULD CONSULT WITH THEIR TAX ADVISORS FOR INFORMATION IN THAT REGARD.

### **Florida Taxes**

In the opinion of Bond Counsel, the Series 2006 Bonds and the income thereon are exempt from taxation under the laws of the State of Florida except any tax imposed by Chapter 220, Florida Statutes, on income, interest, or on profits on debt obligations owned by corporations as defined in said Chapter 220.

### **Other Tax Matters**

Interest on the Series 2006 Bonds may be subject to state or local income taxation under applicable state or local laws in other jurisdictions. Purchasers of the Series 2006 Bonds should consult their own tax advisors as to the income tax status of interest on the Series 2006 Bonds in their particular state or local jurisdiction.

During recent years, legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the Series 2006 Bonds. In some cases, these proposals have contained provisions that altered these consequences on a retroactive basis. Such alterations of federal tax consequences may have affected the market value of obligations similar to the Series 2006 Bonds. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the Series 2006 Bonds and their market value. No assurance can be given that additional legislative proposals will not be introduced or enacted that would or might apply to, or have an adverse effect upon, the Series 2006 Bonds.

## **LEGAL MATTERS**

Legal matters incident to the authorization and issuance of the Series 2006 Bonds are subject to the approving legal opinion of Nabors, Giblin and Nickerson, P.A., Tampa, Florida, Bond Counsel. The form of such opinion is included as Appendix B hereto. The actual legal opinion to be delivered may vary from the text in Appendix B if necessary to reflect the facts and law on the date of delivery of the Series 2006 Bonds. The opinion will speak only as of its date, and subsequent distribution of it by recirculation of this Official Statement or otherwise shall create no implication that, subsequent to the date of the opinion, Bond Counsel has reviewed or expresses any opinion concerning any of the matters referenced in the opinion. Certain legal matters will be passed upon for the Bank by Moyle, Flanigan, Katz, Raymond & Sheehan, P.A., West Palm Beach, Florida. Certain matters will be passed upon for the Underwriter by UBS Financial Services, Orlando, Florida. Certain legal matters will be passed upon for the County by the County Attorney and by the County's Disclosure Counsel, Bryant Miller Olive, Tampa Florida.

Bond Counsel has not been engaged or undertaken to review (i) the accuracy, completeness or sufficiency of this Official Statement or any other officer's material related to the Series 2006 Bonds except as may be provided in a supplemental opinion of Bond Counsel to the Underwriter, upon which only it may rely, or (ii) the compliance with any federal or state law with regard to the sale or distribution of the Series 2006 Bonds.

#### **RATING [TO BE UPDATED]**

[ ] has assigned a long-term rating of "\_\_\_" and a short-term rating of "\_\_\_" to the Series 2006 Bonds. Such ratings are based on the credit of the Bank and reflect only the view of \_\_\_\_\_. An explanation of the significance of such ratings may be obtained from \_\_\_\_\_]

There is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by Fitch if, in its judgment, circumstances so warrant. Neither the Underwriter nor the Remarketing Agent has undertaken any responsibility either to bring to the attention of the holders of the Series 2006 Bonds any proposed revision or withdrawal of the ratings of the Series 2006 Bonds or to oppose any such proposed revision or withdrawal. A downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2006 Bonds.

#### **LITIGATION**

No litigation or inquiry of any kind in or by any judicial or administrative court or agency is pending or, to its knowledge, threatened against the County with respect to (i) the organization and existence of the County, (ii) the County's authority to adopt or deliver the Resolution, the Purchase Contract or the Series 2006 Bonds, (iii) the validity or enforceability of the Resolution, or the Series 2006 Bonds, or the transactions contemplated thereby, (iv) the title of any officer of the County who executed the Resolution or the Series 2006 Bonds or (v) any authorization or proceedings related to the adoption of the Resolution or the Series 2006 Bonds, on behalf of the County, and no such authorization or proceedings have been repealed, revoked, rescinded or amended but are in full force and effect.

#### **CONTINGENT FEES**

The County has retained Bond Counsel, the Financial Advisor and Disclosure Counsel with respect to the authorization, sale, execution and delivery of the Series 2006 Bonds. Payment of the fees of such professionals and an underwriting discount to the Underwriters are each contingent upon the issuance of the Series 2006 Bonds.

#### **ENFORCEABILITY OF REMEDIES**

The remedies available to the owners of the Series 2006 Bonds upon an event of default under the Resolution, are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically the federal bankruptcy code, the remedies specified by the Resolution, the Series 2006 Bonds, and the Reimbursement Agreement may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2006 Bonds (including Bond Counsel's approving opinion) will be qualified, as to the enforceability of the remedies provided in the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery. See "APPENDIX F - SUMMARY OF THE PROVISIONS OF THE RESOLUTION" attached hereto for a description of events of default and remedies.

#### **CONTINUING DISCLOSURE**

The Series 2006 Bonds are exempt from the continuing disclosure requirements of paragraph (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934 so long as they bear interest at a Weekly Rate. If the County converts the Series 2006 Bonds to bear interest at a Fixed Rate, the Series 2006 Bonds will become subject to the continuing disclosure requirements of the Rule and, in such event, the County has agreed to comply with the requirements of the Rule which include, among other things, entering into an undertaking to provide continuing information as required by the Rule.

#### **AUTHORIZATION OF OFFICIAL STATEMENT**

The execution and delivery of this Official Statement has been duly authorized and approved by the County. At the time of delivery of the Series 2006 Bonds, the County will furnish a certificate to the effect that nothing has come to their attention which would lead it to believe that the Official Statement (other than information herein related to the Bank, DTC, the book-entry only system of registration and the information contained under the caption "Tax Exemption" as to which no opinion shall be expressed), as of its date and as of the date of delivery of the Series 2006 Bonds, contains an untrue statement of a material fact or omits to state a material fact which should be included therein for the purposes for which the Official Statement is intended to be used, or which is necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

MONROE COUNTY, FLORIDA

By: \_\_\_\_\_  
Mayor, Board of County Commissioners

By: \_\_\_\_\_  
County Administrator

---

## APPENDIX A

---

### BANK OF AMERICA, N.A.

*The information contained herein as Appendix A to the Official Statement has been obtained from Bank of America, N.A. The County, and the Underwriter make no representations as to the accuracy or completeness of such information.*

#### **Certain Information Concerning the Bank**

Bank of America, N.A. (the "Bank") is a national banking association organized under the laws of the United States, with its principal executive offices located in Charlotte, North Carolina. The Bank is a wholly-owned indirect subsidiary of Bank of America Corporation (the "Corporation") and is engaged in a general consumer banking, commercial banking and trust business, offering a wide range of commercial, corporate, international, financial market, retail and fiduciary banking services. As of March 31, 2006, the Bank had consolidated assets of \$1,105 billion, consolidated deposits of \$703 billion and stockholder's equity of \$102 billion based on regulatory accounting principles.

The Corporation is a bank holding company and a financial holding company, with its principal executive offices located in Charlotte, North Carolina. Additional information regarding the Corporation is set forth in its Annual Report on Form 10-K for the fiscal year ended December 31, 2005, together with any subsequent documents it filed with the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act").

**Recent Developments:** On January 1, 2006, the Corporation completed its merger with MBNA Corporation.

Additional information regarding the foregoing is available from the filings made by the Corporation with the SEC, which filings can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549, United States, at prescribed rates. In addition, the SEC maintains a website at <http://www.sec.gov>, which contains reports, proxy statements and other information regarding registrants that file such information electronically with the SEC.

The information concerning the Corporation, the Bank and the foregoing mergers contained herein is furnished solely to provide limited introductory information and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the documents and financial statements referenced herein.

The Letter of Credit has been issued by the Bank. Moody's Investors Service, Inc. ("Moody's") currently rates the Bank's long-term debt as "Aa1" and short-term debt as "P-1." Standard & Poor's rates the Bank's long-term debt as "AA" and its short-term debt as "A-1+." Fitch Ratings, Inc. ("Fitch") rates long-term debt of the Bank as "AA-" and short-term debt as "F1+." Further information with respect to such ratings may be obtained from Moody's, Standard & Poor's and Fitch, respectively. No assurances can be given that the current ratings of the Bank's instruments will be maintained.



The Bank will provide copies of the most recent Bank of America Corporation Annual Report on Form 10-K, any subsequent reports on Form 10-Q, and any required reports on Form 8-K (in each case as filed with the Commission pursuant to the Exchange Act), and the publicly available portions of the most recent quarterly Call Report of the Bank delivered to the Comptroller of the Currency, without charge, to each person to whom this document is delivered, on the written request of such person. Written requests should be directed to:

Bank of America Corporate Communications  
100 North Tryon Street, 18th Floor  
Charlotte, North Carolina 28255  
Attention: Corporate Communications

PAYMENTS OF PRINCIPAL AND INTEREST ON THE BONDS WILL BE MADE FROM DRAWINGS UNDER THE LETTER OF CREDIT. PAYMENTS OF THE PURCHASE PRICE OF THE BONDS WILL BE MADE FROM DRAWINGS UNDER THE LETTER OF CREDIT IF REMARKETING PROCEEDS ARE NOT AVAILABLE. ALTHOUGH THE LETTER OF CREDIT IS A BINDING OBLIGATION OF THE BANK, THE BONDS ARE NOT DEPOSITS OR OBLIGATIONS OF THE CORPORATION OR ANY OF ITS AFFILIATED BANKS AND ARE NOT GUARANTEED BY ANY OF THESE ENTITIES. THE BONDS ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY AND ARE SUBJECT TO CERTAIN INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED.

The delivery hereof shall not create any implication that there has been no change in the affairs of the Corporation or the Bank since the date hereof, or that the information contained or referred to in this Appendix C is correct as of any time subsequent to its date.

**APPENDIX B**

**PROPOSED FORM OF OPINION OF BOND COUNSEL**

## APPENDIX C

### REPORT OF THE AIRPORT CONSULTANT

## APPENDIX D

### GENERAL INFORMATION CONCERNING THE COUNTY

**APPENDIX E**

**BASIC FINANCIAL STATEMENTS OF THE COUNTY**

**APPENDIX F**

**COPY OF THE RESOLUTION**

**EXHIBIT F**  
**INTEREST CAP DOCUMENTS**

(Local Currency—Single Jurisdiction)



International Swap Dealers Association, Inc.

# MASTER AGREEMENT

dated as of .....

..... and .....

have entered and/or anticipate entering into one or more transactions (each a "Transaction") that are or will be governed by this Master Agreement, which includes the schedule (the "Schedule"), and the documents and other confirming evidence (each a "Confirmation") exchanged between the parties confirming those Transactions.

Accordingly, the parties agree as follows: —

## 1. Interpretation

- (a) **Definitions.** The terms defined in Section 12 and in the Schedule will have the meanings therein specified for the purpose of this Master Agreement.
- (b) **Inconsistency.** In the event of any inconsistency between the provisions of the Schedule and the other provisions of this Master Agreement, the Schedule will prevail. In the event of any inconsistency between the provisions of any Confirmation and this Master Agreement (including the Schedule), such Confirmation will prevail for the purpose of the relevant Transaction.
- (c) **Single Agreement.** All Transactions are entered into in reliance on the fact that this Master Agreement and all Confirmations form a single agreement between the parties (collectively referred to as this "Agreement"), and the parties would not otherwise enter into any Transactions.

## 2. Obligations

- (a) **General Conditions.**
  - (i) Each party will make each payment or delivery specified in each Confirmation to be made by it, subject to the other provisions of this Agreement.
  - (ii) Payments under this Agreement will be made on the due date for value on that date in the place of the account specified in the relevant Confirmation or otherwise pursuant to this Agreement, in freely transferable funds and in the manner customary for payments in the required currency. Where settlement is by delivery (that is, other than by payment), such delivery will be made for receipt on the due date in the manner customary for the relevant obligation unless otherwise specified in the relevant Confirmation or elsewhere in this Agreement.
  - (iii) Each obligation of each party under Section 2(a)(i) is subject to (1) the condition precedent that no Event of Default or Potential Event of Default with respect to the other party has occurred and is continuing, (2) the condition precedent that no Early Termination Date in respect of the relevant Transaction has occurred or been effectively designated and (3) each other applicable condition precedent specified in this Agreement.



(b) **Change of Account.** Either party may change its account for receiving a payment or delivery by giving notice to the other party at least five Local Business Days prior to the scheduled date for the payment or delivery to which such change applies unless such other party gives timely notice of a reasonable objection to such change.

(c) **Netting.** If on any date amounts would otherwise be payable: —

(i) in the same currency; and

(ii) in respect of the same Transaction,

by each party to the other, then, on such date, each party's obligation to make payment of any such amount will be automatically satisfied and discharged and, if the aggregate amount that would otherwise have been payable by one party exceeds the aggregate amount that would otherwise have been payable by the other party, replaced by an obligation upon the party by whom the larger aggregate amount would have been payable to pay to the other party the excess of the larger aggregate amount over the smaller aggregate amount.

The parties may elect in respect of two or more Transactions that a net amount will be determined in respect of all amounts payable on the same date in the same currency in respect of such Transactions, regardless of whether such amounts are payable in respect of the same Transaction. The election may be made in the Schedule or a Confirmation by specifying that subparagraph (ii) above will not apply to the Transactions identified as being subject to the election, together with the starting date (in which case subparagraph (ii) above will not, or will cease to, apply to such Transactions from such date). This election may be made separately for different groups of Transactions and will apply separately to each pairing of branches or offices through which the parties make and receive payments or deliveries.

(d) **Default Interest; Other Amounts.** Prior to the occurrence or effective designation of an Early Termination Date in respect of the relevant Transaction, a party that defaults in the performance of any payment obligation will, to the extent permitted by law and subject to Section 6(c), be required to pay interest (before as well as after judgment) on the overdue amount to the other party on demand in the same currency as such overdue amount, for the period from (and including) the original due date for payment to (but excluding) the date of actual payment, at the Default Rate. Such interest will be calculated on the basis of daily compounding and the actual number of days elapsed. If, prior to the occurrence or effective designation of an Early Termination Date in respect of the relevant Transaction, a party defaults in the performance of any obligation required to be settled by delivery, it will compensate the other party on demand if and to the extent provided for in the relevant Confirmation or elsewhere in this Agreement.

### 3. Representations

Each party represents to the other party (which representations will be deemed to be repeated by each party on each date on which a Transaction is entered into) that:—

(a) **Basic Representations.**

(i) **Status.** It is duly organised and validly existing under the laws of the jurisdiction of its organisation or incorporation and, if relevant under such laws, in good standing;

(ii) **Powers.** It has the power to execute this Agreement and any other documentation relating to this Agreement to which it is a party, to deliver this Agreement and any other documentation relating to this Agreement that it is required by this Agreement to deliver and to perform its obligations under this Agreement and any obligations it has under any Credit Support Document to which it is a party and has taken all necessary action to authorise such execution, delivery and performance;

(iii) **No Violation or Conflict.** Such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets;

(iv) **Consents.** All governmental and other consents that are required to have been obtained by it with respect to this Agreement or any Credit Support Document to which it is a party have been obtained and are in full force and effect and all conditions of any such consents have been complied with; and

(v) **Obligations Binding.** Its obligations under this Agreement and any Credit Support Document to which it is a party constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to applicable bankruptcy, reorganisation, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law)).

(b) **Absence of Certain Events.** No Event of Default or Potential Event of Default or, to its knowledge, Termination Event with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement or any Credit Support Document to which it is a party.

(c) **Absence of Litigation.** There is not pending or, to its knowledge, threatened against it or any of its Affiliates any action, suit or proceeding at law or in equity or before any court, tribunal, governmental body, agency or official or any arbitrator that is likely to affect the legality, validity or enforceability against it of this Agreement or any Credit Support Document to which it is a party or its ability to perform its obligations under this Agreement or such Credit Support Document.

(d) **Accuracy of Specified information.** All applicable information that is furnished in writing by or on behalf of it to the other party and is identified for the purpose of this Section 3(d) in the Schedule is, as of the date of the information, true, accurate and complete in every material respect.

#### 4. Agreements

Each party agrees with the other that, so long as either party has or may have any obligation under this Agreement or under any Credit Support Document to which it is a party:—

(a) **Furnish Specified Information.** It will deliver to the other party any forms, documents or certificates specified in the Schedule or any Confirmation by the date specified in the Schedule or such Confirmation or, if none is specified, as soon as reasonably practicable.

(b) **Maintain Authorisations.** It will use all reasonable efforts to maintain in full force and effect all consents of any governmental or other authority that are required to be obtained by it with respect to this Agreement or any Credit Support Document to which it is a party and will use all reasonable efforts to obtain any that may become necessary in the future.

(c) **Comply with Laws.** It will comply in all material respects with all applicable laws and orders to which it may be subject if failure so to comply would materially impair its ability to perform its obligations under this Agreement or any Credit Support Document to which it is a party.

#### 5. Events of Default and Termination Events

(a) **Events of Default.** The occurrence at any time with respect to a party or, if applicable, any Credit Support Provider of such party or any Specified Entity of such party of any of the following events constitutes an event of default (an "Event of Default") with respect to such party:—

(i) **Failure to Pay or Deliver.** Failure by the party to make, when due, any payment under this Agreement or delivery under Section 2(a)(i) or 2(d) required to be made by it if such failure is not remedied on or before the third Local Business Day after notice of such failure is given to the party;

(ii) **Breach of Agreement.** Failure by the party to comply with or perform any agreement or obligation (other than an obligation to make any payment under this Agreement or delivery under Section 2(a)(i) or 2(d) or to give notice of a Termination Event) to be complied with or performed

by the party in accordance with this Agreement if such failure is not remedied on or before the thirtieth day after notice of such failure is given to the party;

(iii) **Credit Support Default.**

(1) Failure by the party or any Credit Support Provider of such party to comply with or perform any agreement or obligation to be complied with or performed by it in accordance with any Credit Support Document if such failure is continuing after any applicable grace period has elapsed;

(2) the expiration or termination of such Credit Support Document or the failing or ceasing of such Credit Support Document to be in full force and effect for the purpose of this Agreement (in either case other than in accordance with its terms) prior to the satisfaction of all obligations of such party under each Transaction to which such Credit Support Document relates without the written consent of the other party; or

(3) the party or such Credit Support Provider disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, such Credit Support Document;

(iv) **Misrepresentation.** A representation made or repeated or deemed to have been made or repeated by the party or any Credit Support Provider of such party in this Agreement or any Credit Support Document proves to have been incorrect or misleading in any material respect when made or repeated or deemed to have been made or repeated;

(v) **Default under Specified Transaction.** The party, any Credit Support Provider of such party or any applicable Specified Entity of such party (1) defaults under a Specified Transaction and, after giving effect to any applicable notice requirement or grace period, there occurs a liquidation of, an acceleration of obligations under, or an early termination of, that Specified Transaction, (2) defaults, after giving effect to any applicable notice requirement or grace period, in making any payment or delivery due on the last payment, delivery or exchange date of, or any payment on early termination of, a Specified Transaction (or such default continues for at least three Local Business Days if there is no applicable notice requirement or grace period) or (3) disaffirms, disclaims, repudiates or rejects, in whole or in part, a Specified Transaction (or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf);

(vi) **Cross Default.** If "Cross Default" is specified in the Schedule as applying to the party, the occurrence or existence of (1) a default, event of default or other similar condition or event (however described) in respect of such party, any Credit Support Provider of such party or any applicable Specified Entity of such party under one or more agreements or instruments relating to Specified Indebtedness of any of them (individually or collectively) in an aggregate amount of not less than the applicable Threshold Amount (as specified in the Schedule) which has resulted in such Specified Indebtedness becoming, or becoming capable at such time of being declared, due and payable under such agreements or instruments, before it would otherwise have been due and payable or (2) a default by such party, such Credit Support Provider or such Specified Entity (individually or collectively) in making one or more payments on the due date thereof in an aggregate amount of not less than the applicable Threshold Amount under such agreements or instruments (after giving effect to any applicable notice requirement or grace period);

(vii) **Bankruptcy.** The party, any Credit Support Provider of such party or any applicable Specified Entity of such party:—

(1) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (2) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due; (3) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (4) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its

winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (A) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (B) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof; (5) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (6) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (7) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter; (8) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (1) to (7) (inclusive); or (9) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts; or

(viii) ***Merger Without Assumption.*** The party or any Credit Support Provider of such party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, another entity and, at the time of such consolidation, amalgamation, merger or transfer: —

- (1) the resulting, surviving or transferee entity fails to assume all the obligations of such party or such Credit Support Provider under this Agreement or any Credit Support Document to which it or its predecessor was a party by operation of law or pursuant to an agreement reasonably satisfactory to the other party to this Agreement; or
- (2) the benefits of any Credit Support Document fail to extend (without the consent of the other party) to the performance by such resulting, surviving or transferee entity of its obligations under this Agreement.

(b) ***Termination Events.*** The occurrence at any time with respect to a party or, if applicable, any Credit Support Provider of such party or any Specified Entity of such party of any event specified below constitutes an Illegality if the event is specified in (i) below, and, if specified to be applicable, a Credit Event Upon Merger if the event is specified pursuant to (ii) below or an Additional Termination Event if the event is specified pursuant to (iii) below:—

(i) ***Illegality.*** Due to the adoption of, or any change in, any applicable law after the date on which a Transaction is entered into, or due to the promulgation of, or any change in, the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law after such date, it becomes unlawful (other than as a result of a breach by the party of Section 4(b)) for such party (which will be the Affected Party):—

- (1) to perform any absolute or contingent obligation to make a payment or delivery or to receive a payment or delivery in respect of such Transaction or to comply with any other material provision of this Agreement relating to such Transaction; or
- (2) to perform, or for any Credit Support Provider of such party to perform, any contingent or other obligation which the party (or such Credit Support Provider) has under any Credit Support Document relating to such Transaction;

(ii) ***Credit Event Upon Merger.*** If “Credit Event Upon Merger” is specified in the Schedule as applying to the party, such party (“X”), any Credit Support Provider of X or any applicable Specified Entity of X consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, another entity and such action does not constitute an event described in Section 5(a)(viii) but the creditworthiness of the resulting, surviving or transferee entity is materially weaker than that of X, such Credit Support Provider or such Specified Entity, as the case may be, immediately prior to such action (and, in such event, X or its successor or transferee, as appropriate, will be the Affected Party); or

(iii) **Additional Termination Event.** If any “Additional Termination Event” is specified in the Schedule or any Confirmation as applying, the occurrence of such event (and, in such event, the Affected Party or Affected Parties shall be as specified for such Additional Termination Event in the Schedule or such Confirmation).

(c) **Event of Default and Illegality.** If an event or circumstance which would otherwise constitute or give rise to an Event of Default also constitutes an Illegality, it will be treated as an Illegality and will not constitute an Event of Default.

## **6. Early Termination**

(a) **Right to Terminate Following Event of Default.** If at any time an Event of Default with respect to a party (the “Defaulting Party”) has occurred and is then continuing, the other party (the “Non-defaulting Party”) may, by not more than 20 days notice to the Defaulting Party specifying the relevant Event of Default, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all outstanding Transactions. If, however, “Automatic Early Termination” is specified in the Schedule as applying to a party, then an Early Termination Date in respect of all outstanding Transactions will occur immediately upon the occurrence with respect to such party of an Event of Default specified in Section 5(a)(vii)(1), (3), (5), (6) or, to the extent analogous thereto, (8), and as of the time immediately preceding the institution of the relevant proceeding or the presentation of the relevant petition upon the occurrence with respect to such party of an Event of Default specified in Section 5(a)(vii)(4) or, to the extent analogous thereto, (8).

(b) **Right to Terminate Following Termination Event.**

(i) **Notice.** If a Termination Event occurs, an Affected Party will, promptly upon becoming aware of it, notify the other party, specifying the nature of that Termination Event and each Affected Transaction and will also give such other information about that Termination Event as the other party may reasonably require.

(ii) **Two Affected Parties.** If an Illegality under Section 5(b)(i)(1) occurs and there are two Affected Parties, each party will use all reasonable efforts to reach agreement within 30 days after notice thereof is given under Section 6(b)(i) on action to avoid that Termination Event.

(iii) **Right to Terminate.** If: —

(1) an agreement under Section 6(b)(ii) has not been effected with respect to all Affected Transactions within 30 days after an Affected Party gives notice under Section 6(b)(i); or

(2) an Illegality other than that referred to in Section 6(b)(ii), a Credit Event Upon Merger or an Additional Termination Event occurs,

either party in the case of an Illegality, any Affected Party in the case of an Additional Termination Event if there is more than one Affected Party, or the party which is not the Affected Party in the case of a Credit Event Upon Merger or an Additional Termination Event if there is only one Affected Party may, by not more than 20 days notice to the other party and provided that the relevant Termination Event is then continuing, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all Affected Transactions.

(c) **Effect of Designation.**

(i) If notice designating an Early Termination Date is given under Section 6(a) or (b), the Early Termination Date will occur on the date so designated, whether or not the relevant Event of Default or Termination Event is then continuing.

(ii) Upon the occurrence or effective designation of an Early Termination Date, no further payments or deliveries under Section 2(a)(i) or 2(d) in respect of the Terminated Transactions will be required to be made, but without prejudice to the other provisions of this Agreement. The amount, if any, payable in respect of an Early Termination Date shall be determined pursuant to Section 6(e).

(d) **Calculations.**

(i) **Statement.** On or as soon as reasonably practicable following the occurrence of an Early Termination Date, each party will make the calculations on its part, if any, contemplated by Section 6(e) and will provide to the other party a statement (1) showing, in reasonable detail, such calculations (including all relevant quotations and specifying any amount payable under Section 6(e)) and (2) giving details of the relevant account to which any amount payable to it is to be paid. In the absence of written confirmation from the source of a quotation obtained in determining a Market Quotation, the records of the party obtaining such quotation will be conclusive evidence of the existence and accuracy of such quotation.

(ii) **Payment Date.** An amount calculated as being due in respect of any Early Termination Date under Section 6(e) will be payable on the day that notice of the amount payable is effective (in the case of an Early Termination Date which is designated or occurs as a result of an Event of Default) and on the day which is two Local Business Days after the day on which notice of the amount payable is effective (in the case of an Early Termination Date which is designated as a result of a Termination Event). Such amount will be paid together with (to the extent permitted under applicable law) interest thereon (before as well as after judgment), from (and including) the relevant Early Termination Date to (but excluding) the date such amount is paid, at the Applicable Rate. Such interest will be calculated on the basis of daily compounding and the actual number of days elapsed.

(e) **Payments on Early Termination.** If an Early Termination Date occurs, the following provisions shall apply based on the parties' election in the Schedule of a payment measure, either "Market Quotation" or "Loss", and a payment method, either the "First Method" or the "Second Method". If the parties fail to designate a payment measure or payment method in the Schedule, it will be deemed that "Market Quotation" or the "Second Method", as the case may be, shall apply. The amount, if any, payable in respect of an Early Termination Date and determined pursuant to this Section will be subject to any Set-off.

(i) **Events of Default.** If the Early Termination Date results from an Event of Default:—

(1) **First Method and Market Quotation.** If the First Method and Market Quotation apply, the Defaulting Party will pay to the Non-defaulting Party the excess, if a positive number, of (A) the sum of the Settlement Amount (determined by the Non-defaulting Party) in respect of the Terminated Transactions and the Unpaid Amounts owing to the Non-defaulting Party over (B) the Unpaid Amounts owing to the Defaulting Party.

(2) **First Method and Loss.** If the First Method and Loss apply, the Defaulting Party will pay to the Non-defaulting Party, if a positive number, the Non-defaulting Party's Loss in respect of this Agreement.

(3) **Second Method and Market Quotation.** If the Second Method and Market Quotation apply, an amount will be payable equal to (A) the sum of the Settlement Amount (determined by the Non-defaulting Party) in respect of the Terminated Transactions and the Unpaid Amounts owing to the Non-defaulting Party less (B) the Unpaid Amounts owing to the Defaulting Party. If that amount is a positive number, the Defaulting Party will pay it to the Non-defaulting Party; if it is a negative number, the Non-defaulting Party will pay the absolute value of that amount to the Defaulting Party.

(4) **Second Method and Loss.** If the Second Method and Loss apply, an amount will be payable equal to the Non-defaulting Party's Loss in respect of this Agreement. If that amount is a positive number, the Defaulting Party will pay it to the Non-defaulting Party; if it is a negative

number, the Non-defaulting Party will pay the absolute value of that amount to the Defaulting Party.

(ii) **Termination Events.** If the Early Termination Date results from a Termination Event:—

(1) *One Affected Party.* If there is one Affected Party, the amount payable will be determined in accordance with Section 6(e)(i)(3), if Market Quotation applies, or Section 6(e)(i)(4), if Loss applies, except that, in either case, references to the Defaulting Party and to the Non-defaulting Party will be deemed to be references to the Affected Party and the party which is not the Affected Party, respectively, and, if Loss applies and fewer than all the Transactions are being terminated, Loss shall be calculated in respect of all Terminated Transactions.

(2) *Two Affected Parties.* If there are two Affected Parties:—

(A) if Market Quotation applies, each party will determine a Settlement Amount in respect of the Terminated Transactions, and an amount will be payable equal to (I) the sum of (a) one-half of the difference between the Settlement Amount of the party with the higher Settlement Amount (“X”) and the Settlement Amount of the party with the lower Settlement Amount (“Y”) and (b) the Unpaid Amounts owing to X less (II) the Unpaid Amounts owing to Y; and

(B) if Loss applies, each party will determine its Loss in respect of this Agreement (or, if fewer than all the Transactions are being terminated, in respect of all Terminated Transactions) and an amount will be payable equal to one-half of the difference between the Loss of the party with the higher Loss (“X”) and the Loss of the party with the lower Loss (“Y”).

If the amount payable is a positive number, Y will pay it to X; if it is a negative number, X will pay the absolute value of that amount to Y.

(iii) **Adjustment for Bankruptcy.** In circumstances where an Early Termination Date occurs because “Automatic Early Termination” applies in respect of a party, the amount determined under this Section 6(e) will be subject to such adjustments as are appropriate and permitted by law to reflect any payments or deliveries made by one party to the other under this Agreement (and retained by such other party) during the period from the relevant Early Termination Date to the date for payment determined under Section 6(d)(ii).

(iv) **Pre-Estimate.** The parties agree that if Market Quotation applies an amount recoverable under this Section 6(e) is a reasonable pre-estimate of loss and not a penalty. Such amount is payable for the loss of bargain and the loss of protection against future risks and except as otherwise provided in this Agreement neither party will be entitled to recover any additional damages as a consequence of such losses.

## **7. Transfer**

Neither this Agreement nor any interest or obligation in or under this Agreement may be transferred (whether by way of security or otherwise) by either party without the prior written consent of the other party, except that:—

(a) a party may make such a transfer of this Agreement pursuant to a consolidation amalgamation with, or merger with or into, or transfer of all or substantially all its assets to, another entity (but without prejudice to any other right or remedy under this Agreement); and

(b) a party may make such a transfer of all or any part of its interest in any amount payable to it from a Defaulting Party under Section 6(e).

Any purported transfer that is not in compliance with this Section will be void

## 8. Miscellaneous

- (a) **Entire Agreement.** This Agreement constitutes the entire agreement and understanding of the parties with respect to its subject matter and supersedes all oral communication and prior writings with respect thereto.
- (b) **Amendments.** No amendment, modification or waiver in respect of this Agreement will be effective unless in writing (including a writing evidenced by a facsimile transmission) and executed by each of the parties or confirmed by an exchange of telexes or electronic messages on an electronic messaging system.
- (c) **Survival of Obligations.** Without prejudice to Sections 2(a)(iii) and 6(c)(ii), the obligations of the parties under this Agreement will survive the termination of any Transaction.
- (d) **Remedies Cumulative.** Except as provided in this Agreement, the rights, powers, remedies and privileges provided in this Agreement are cumulative and not exclusive of any rights, powers, remedies and privileges provided by law.
- (e) **Counterparts and Confirmations.**
- (i) This Agreement (and each amendment, modification and waiver in respect of it) may be executed and delivered in counterparts (including by facsimile transmission), each of which will be deemed an original.
  - (ii) The parties intend that they are legally bound by the terms of each Transaction from the moment they agree to those terms (whether orally or otherwise). A Confirmation shall be entered into as soon as practicable and may be executed and delivered in counterparts (including by facsimile transmission) or be created by an exchange of telexes or by an exchange of electronic messages on an electronic messaging system, which in each case will be sufficient for all purposes to evidence a binding supplement to this Agreement. The parties will specify therein or through another effective means that any such counterpart, telex or electronic message constitutes a Confirmation.
- (f) **No Waiver of Rights.** A failure or delay in exercising any right, power or privilege in respect of this Agreement will not be presumed to operate as a waiver, and a single or partial exercise of any right, power or privilege will not be presumed to preclude any subsequent or further exercise, of that right, power or privilege or the exercise of any other right, power or privilege.
- (g) **Headings.** The headings used in this Agreement are for convenience of reference only and are not to affect the construction of or to be taken into consideration in interpreting this Agreement.

## 9. Expenses

A Defaulting Party will, on demand, indemnify and hold harmless the other party for and against all reasonable out-of-pocket expenses, including legal fees, incurred by such other party by reason of the enforcement and protection of its rights under this Agreement or any Credit Support Document to which the Defaulting Party is a party or by reason of the early termination of any Transaction, including, but not limited to, costs of collection.

## 10. Notices

- (a) **Effectiveness.** Any notice or other communication in respect of this Agreement may be given in any manner set forth below (except that a notice or other communication under Section 5 or 6 may not be given by facsimile transmission or electronic messaging system) to the address or number or in accordance with the electronic messaging system details provided (see the Schedule) and will be deemed effective as indicated:—
- (i) if in writing and delivered in person or by courier, on the date it is delivered;
  - (ii) if sent by telex, on the date the recipient's answerback is received;



(iii) if sent by facsimile transmission, on the date that transmission is received by a responsible employee of the recipient in legible form (it being agreed that the burden of proving receipt will be on the sender and will not be met by a transmission report generated by the sender's facsimile machine);

(iv) if sent by certified or registered mail (airmail, if overseas) or the equivalent (return receipt requested), on the date that mail is delivered or its delivery is attempted; or

(v) if sent by electronic messaging system, on the date that electronic message is received,

unless the date of that delivery (or attempted delivery) or that receipt, as applicable, is not a Local Business Day or that communication is delivered (or attempted) or received, as applicable, after the close of business on a Local Business Day, in which case that communication shall be deemed given and effective on the first following day that is a Local Business Day.

(b) **Change of Addresses.** Either party may by notice to the other change the address, telex or facsimile number or electronic messaging system details at which notices or other communications are to be given to it.

## **11. Governing Law and Jurisdiction**

(a) **Governing Law.** This Agreement will be governed by and construed in accordance with the law specified in the Schedule.

(b) **Jurisdiction.** With respect to any suit, action or proceedings relating to this Agreement ("Proceedings"), each party irrevocably:—

(i) submits to the jurisdiction of the English courts, if this Agreement is expressed to be governed by English law, or to the non-exclusive jurisdiction of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City, if this Agreement is expressed to be governed by the laws of the State of New York; and

(ii) waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over such party.

Nothing in this Agreement precludes either party from bringing Proceedings in any other jurisdiction (outside, if this Agreement is expressed to be governed by English law, the Contracting States, as defined in Section 1(3) of the Civil Jurisdiction and Judgments Act 1982 or any modification, extension or re-enactment thereof for the time being in force) nor will the bringing of Proceedings in any one or more jurisdictions preclude the bringing of Proceedings in any other jurisdiction.

(c) **Waiver of Immunities.** Each party irrevocably waives, to the fullest extent permitted by applicable law, with respect to itself and its revenues and assets (irrespective of their use or intended use), all immunity on the grounds of sovereignty or other similar grounds from (i) suit, (ii) jurisdiction of any court, (iii) relief by way of injunction, order for specific performance or for recovery of property, (iv) attachment of its assets (whether before or after judgment) and (v) execution or enforcement of any judgment to which it or its revenues or assets might otherwise be entitled in any Proceedings in the courts of any jurisdiction and irrevocably agrees, to the extent permitted by applicable law, that it will not claim any such immunity in any Proceedings.

## **12. Definitions**

As used in this Agreement:—

**"Additional Termination Event"** has the meaning specified in Section 5(b).

**"Affected Party"** has the meaning specified in Section 5(b).

**“Affected Transactions”** means (a) with respect to any Termination Event consisting of an Illegality, all Transactions affected by the occurrence of such Termination Event and (b) with respect to any other Termination Event, all Transactions.

**“Affiliate”** means, subject to the Schedule, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, “control” of any entity or person means ownership of a majority of the voting power of the entity or person.

**“Applicable Rate”** means:—

(a) in respect of obligations payable or deliverable (or which would have been but for Section 2(a)(iii)) by a Defaulting Party, the Default Rate;

(b) in respect of an obligation to pay an amount under Section 6(e) of either party from and after the date (determined in accordance with Section 6(d)(ii)) on which that amount is payable, the Default Rate;

(c) in respect of all other obligations payable or deliverable (or which would have been but for Section 2(a)(iii)) by a Non-defaulting Party, the Non-default Rate; and

(d) in all other cases, the Termination Rate.

**“consent”** includes a consent, approval, action, authorisation, exemption, notice, filing, registration or exchange control consent.

**“Credit Event Upon Merger”** has the meaning specified in Section 5(b).

**“Credit Support Document”** means any agreement or instrument that is specified as such in this Agreement.

**“Credit Support Provider”** has the meaning specified in the Schedule.

**“Default Rate”** means a rate per annum equal to the cost (without proof or evidence of any actual cost) to the relevant payee (as certified by it) if it were to fund or of funding the relevant amount plus 1% per annum.

**“Defaulting Party”** has the meaning specified in Section 6(a).

**“Early Termination Date”** means the date determined in accordance with Section 6(a) or 6(b)(iii).

**“Event of Default”** has the meaning specified in Section 5(a) and, if applicable, in the Schedule.

**“Illegality”** has the meaning specified in Section 5(b).

**“law”** includes any treaty, law, rule or regulation and **“lawful”** and **“unlawful”** will be construed accordingly.

**“Local Business Day”** means, subject to the Schedule, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) (a) in relation to any obligation under Section 2(a)(i), in the place(s) specified in the relevant Confirmation or, if not so specified, as otherwise agreed by the parties in writing or determined pursuant to provisions contained, or incorporated by reference, in this Agreement, (b) in relation to any other payment, in the place where the relevant account is located, (c) in relation to any notice or other communication, including notice contemplated under Section 5(a)(i), in the city specified in the address for notice provided by the recipient and, in the case of a notice contemplated by Section 2(b), in the place where the relevant new account is to be located and (d) in relation to Section 5(a)(v)(2), in the relevant locations for performance with respect to such Specified Transaction.

**“Loss”** means, with respect to this Agreement or one or more Terminated Transactions, as the case may be, and a party, an amount that party reasonably determines in good faith to be its total losses and costs (or gain, in which case expressed as a negative number) in connection with this Agreement or that Terminated Transaction or group of Terminated Transactions, as the case may be, including any loss of bargain, cost of funding or, at the election of such party but without duplication, loss or cost incurred as a result of its terminating, liquidating, obtaining or reestablishing any hedge or related trading position (or any gain

resulting from any of them). Loss includes losses and costs (or gains) in respect of any payment or delivery required to have been made (assuming satisfaction of each applicable condition precedent) on or before the relevant Early Termination Date and not made, except, so as to avoid duplication, if Section 6(e)(i)(1) or (3) or 6(e)(ii)(2)(A) applies. Loss does not include a party's legal fees and out-of-pocket expenses referred to under Section 9. A party will determine its Loss as of the relevant Early Termination Date, or, if that is not reasonably practicable, as of the earliest date thereafter as is reasonably practicable. A party may (but need not) determine its Loss by reference to quotations of relevant rates or prices from one or more leading dealers in the relevant markets.

**"Market Quotation"** means, with respect to one or more Terminated Transactions and a party making the determination, an amount determined on the basis of quotations from Reference Market-makers. Each quotation will be for an amount, if any, that would be paid to such party (expressed as a negative number) or by such party (expressed as a positive number) in consideration of an agreement between such party (taking into account any existing Credit Support Document with respect to the obligations of such party) and the quoting Reference Market-maker to enter into a transaction (the "Replacement Transaction") that would have the effect of preserving for such party the economic equivalent of any payment or delivery (whether the underlying obligation was absolute or contingent and assuming the satisfaction of each applicable condition precedent) by the parties under Section 2(a)(i) in respect of such Terminated Transaction or group of Terminated Transactions that would, but for the occurrence of the relevant Early Termination Date, have been required after that date. For this purpose, Unpaid Amounts in respect of the Terminated Transaction or group of Terminated Transactions are to be excluded but, without limitation, any payment or delivery that would, but for the relevant Early Termination Date, have been required (assuming satisfaction of each applicable condition precedent) after that Early Termination Date is to be included. The Replacement Transaction would be subject to such documentation as such party and the Reference Market-maker may, in good faith, agree. The party making the determination (or its agent) will request each Reference Market-maker to provide its quotation to the extent reasonably practicable as of the same day and time (without regard to different time zones) on or as soon as reasonably practicable after the relevant Early Termination Date. The day and time as of which those quotations are to be obtained will be selected in good faith by the party obliged to make a determination under Section 6(e), and, if each party is so obliged, after consultation with the other. If more than three quotations are provided, the Market Quotation will be the arithmetic mean of the quotations, without regard to the quotations having the highest and lowest values. If exactly three such quotations are provided, the Market Quotation will be the quotation remaining after disregarding the highest and lowest quotations. For this purpose, if more than one quotation has the same highest value or lowest value, then one of such quotations shall be disregarded. If fewer than three quotations are provided, it will be deemed that the Market Quotation in respect of such Terminated Transaction or group of Terminated Transactions cannot be determined.

**"Non-default Rate"** means a rate per annum equal to the cost (without proof or evidence of any actual cost) to the Non-defaulting Party (as certified by it) if it were to fund the relevant amount.

**"Non-defaulting Party"** has the meaning specified in Section 6(a).

**"Potential Event of Default"** means any event which, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

**"Reference Market-makers"** means four leading dealers in the relevant market selected by the party determining a Market Quotation in good faith (a) from among dealers of the highest credit standing which satisfy all the criteria that such party applies generally at the time in deciding whether to offer or to make an extension of credit and (b) to the extent practicable, from among such dealers having an office in the same city.

**"Scheduled Payment Date"** means a date on which a payment or delivery is to be made under Section 2(a)(i) with respect to a Transaction.

**"Set-off"** means set-off, offset, combination of accounts, right of retention or withholding or similar right or requirement to which the payer of an amount under Section 6 is entitled or subject (whether arising under

this Agreement, another contract, applicable law or otherwise) that is exercised by, or imposed on, such payer.

**“Settlement Amount”** means, with respect to a party and any Early Termination Date, the sum of:—

(a) the Market Quotations (whether positive or negative) for each Terminated Transaction or group of Terminated Transactions for which a Market Quotation is determined; and

(b) such party’s Loss (whether positive or negative and without reference to any Unpaid Amounts) for each Terminated Transaction or group of Terminated Transactions for which a Market Quotation cannot be determined or would not (in the reasonable belief of the party making the determination) produce a commercially reasonable result.

**“Specified Entity”** has the meaning specified in the Schedule.

**“Specified Indebtedness”** means, subject to the Schedule, any obligation (whether present or future, contingent or otherwise, as principal or surety or otherwise) in respect of borrowed money.

**“Specified Transaction”** means, subject to the Schedule, (a) any transaction (including an agreement with respect thereto) now existing or hereafter entered into between one party to this Agreement (or any Credit Support Provider of such party or any applicable Specified Entity of such party) and the other party to this Agreement (or any Credit Support Provider of such other party or any applicable Specified Entity of such other party) which is a rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions), (b) any combination of these transactions and (c) any other transaction identified as a Specified Transaction in this Agreement or the relevant confirmation.

**“Terminated Transactions”** means with respect to any Early Termination Date (a) if resulting from a Termination Event, all Affected Transactions and (b) if resulting from an Event of Default, all Transactions (in either case) in effect immediately before the effectiveness of the notice designating that Early Termination Date (or, if “Automatic Early Termination” applies, immediately before that Early Termination Date).

**“Termination Event”** means an Illegality or, if specified to be applicable, a Credit Event Upon Merger or an Additional Termination Event.

**“Termination Rate”** means a rate per annum equal to the arithmetic mean of the cost (without proof or evidence of any actual cost) to each party (as certified by such party) if it were to fund or of funding such amounts.

**“Unpaid Amounts”** owing to any party means, with respect to an Early Termination Date, the aggregate of (a) in respect of all Terminated Transactions, the amounts that became payable (or that would have become payable but for Section 2(a)(iii)) to such party under Section 2(a)(i) on or prior to such Early Termination Date and which remain unpaid as at such Early Termination Date and (b) in respect of each Terminated Transaction, for each obligation under Section 2(a)(i) which was (or would have been but for Section 2(a)(iii)) required to be settled by delivery to such party on or prior to such Early Termination Date and which has not been so settled as at such Early Termination Date, an amount equal to the fair market value of that which was (or would have been) required to be delivered as of the originally scheduled date for delivery, in each case together with (to the extent permitted under applicable law) interest, in the currency of such amounts, from (and including) the date such amounts or obligations were or would have been required to have been paid or performed to (but excluding) such Early Termination Date, at the Applicable Rate. Such amounts of interest will be calculated on the basis of daily compounding and the actual number of days elapsed. The fair market value of any obligation referred to in clause (b) above shall be reasonably determined

by the party obliged to make the determination under Section 6(e) or, if each party is so obliged, it shall be the average of the fair market values reasonably determined by both parties.

IN WITNESS WHEREOF the parties have executed this document on the respective dates specified below with effect from the date specified on the first page of this document.

.....  
(Name of Party)

.....  
(Name of Party)

By: .....  
Name:  
Title:  
Date:

By: .....  
Name:  
Title:  
Date:

(Local Currency — Single Jurisdiction)



International Swap Dealers Association, Inc.

**SCHEDULE  
to the  
Master Agreement**

dated as of .....

between ..... and .....  
("Party A") ("Party B")

**Part 1. Termination Provisions.**

(a) **"Specified Entity"** means in relation to Party A for the purpose of:—

Section 5(a)(v), .....

Section 5(a)(vi), .....

Section 5(a)(vii), .....

Section 5(b)(ii), .....

and in relation to Party B for the purpose of:—

Section 5(a)(v), .....

Section 5(a)(vi), .....

Section 5(a)(vii), .....

Section 5(b)(ii), .....

(b) **"Specified Transaction"** will have the meaning specified in Section 12 of this Agreement unless

another meaning is specified here .....

.....

.....

(c) The **"Cross Default"** provisions of Section 5(a)(vi) will/will not \* apply to Party A  
will/will not \* apply to Party B

If such provisions apply:—

**"Specified Indebtedness"** will have the meaning specified in Section 12 of this Agreement unless

another meaning is specified here .....

.....

---

\* Delete as applicable.

**“Threshold Amount”** means .....

.....

(d) The **“Credit Event Upon Merger”** provisions of Section 5(b)(ii) will/will not \* apply to Party A  
will/will not \* apply to Party B

(e) The **“Automatic Early Termination”** provision of Section 6(a) will/will not \* apply to Party A  
will/will not \* apply to Party B

(f) **Payments on Early Termination.** For the purpose of Section 6(c) of this Agreement:—

(i) Market Quotation/Loss \* will apply.

(ii) The First Method/The Second Method \* will apply.

(g) **Additional Termination Event** will/will not apply\*. The following shall constitute an Additional  
Termination Event:— .....

.....

.....

.....

.....

.....

For the purpose of the foregoing Termination Event, the Affected Party or Affected Parties shall be:— ..

.....

## Part 2. Agreement to Deliver Documents .

For the purpose of Section 4(a) of this Agreement, each party agrees to deliver the following documents, as applicable:—

Party required to deliver document	Form/Document/ Certificate	Date by which to be delivered	Covered by Section 3(d) Representation
.....	.....	.....	Yes/No*
.....	.....	.....	Yes/No*
.....	.....	.....	Yes/No*
.....	.....	.....	Yes/No*
.....	.....	.....	Yes/No*

\* Delete as applicable.

Part 3. **Miscellaneous.**

- (a) **Addresses for Notices.** For the purpose of Section 10(a) of this Agreement: —

Address for notices or communications to Party A: —

Address: .....

Attention: .....

Telex No.: ..... Answerback : .....

Facsimile No.: ..... Telephone No.: .....

Electronic Messaging System Details: .....

Address for notices or communications to Party B:—

Address: .....

Attention: .....

Telex No.: ..... Answerback : .....

Facsimile No.: ..... Telephone No.: .....

Electronic Messaging System Details: .....

- (b) **Calculation Agent.** The Calculation Agent is....., unless otherwise specified in a Confirmation in relation to the relevant Transaction.

- (c) **Credit Support Document.** Details of any Credit Support Document:— .....

.....

.....

.....

- (d) **Credit Support Provider.** Credit Support Provider means in relation to Party A, .....

.....

.....

Credit Support Provider means in relation to Party B, .....

.....

.....

- (e) **Governing Law.** This Agreement will be governed by and construed in accordance with English law/the laws of the State of New York (without reference to choice of law doctrine)\*.

- (f) **Netting of Payments.** Subparagraph (ii) of Section 2(c) of this Agreement will not apply to the following Transactions or groups of Transactions (in each case starting from the date of this Agreement/in each case starting from ..... \*) .....

.....

.....

---

\* Delete as applicable.



(g) “*Affiliate*” will have the meaning specified in Section 12 of this Agreement unless another meaning is specified here .....  
.....

**Part 4. Other Provisions.**

For discussion purposes only;  
Terms subject to UBS Credit and Legal approval.

Sidley Draft  
June 9, 2006



Interest Rate Cap Transaction

Date: July \_\_, 2006

To: Monroe County, Florida ("Counterparty")

Attention: Danny Kohlage, Clerk of the Circuit Court and Chief  
Financial Officer

Fax No.: 305-292-3660

From: UBS AG, Stamford Branch ("UBS")

Subject: Interest Rate Cap Transaction  
**UBS Ref: TBD**

Dear Sir or Madam:

The purpose of this communication is to confirm the terms and conditions of the Transaction entered into between us on the Trade Date specified below. This Confirmation constitutes a "Confirmation" as referred to in the Master Agreement or Agreement specified below.

The definitions contained in the 2000 ISDA Definitions and the 1992 ISDA U.S. Municipal Counterparty Definitions (each as published by the International Swaps and Derivatives Association, Inc.) are incorporated into this Confirmation. In the event of any inconsistency between any of the definitions listed above and this Confirmation, this Confirmation will govern.

If you and we are parties to a master agreement that governs transactions of this type (whether in the form of the ISDA Master Agreement (Local Currency - Single Jurisdiction) (the "ISDA Form") or any other form (a "Master Agreement")), then this Confirmation will supplement, form a part of, and be subject to that Master Agreement. Upon the execution by you and us of such an agreement, this Confirmation will supplement, form a part of and be subject to and governed by that agreement, except as expressly modified below. Until we execute and deliver that agreement, this Confirmation shall supplement, form a part of, and be subject to an agreement in the form of the ISDA Form as if we had executed an agreement in such form (but without any schedule except for the election of the laws of the State of New York as the Governing Law and U.S. Dollars as the Termination Currency) on the Trade Date of this Transaction (hereinafter the "Agreement"). In the event of any inconsistency between the provisions of the Agreement and this Confirmation, this Confirmation will prevail for the purposes of this Transaction.

The terms of the particular Transaction to which this Confirmation relates are as follows:

**General Terms:**

Trade Date:	<b>TBD</b>
Effective Date:	___ July 2006
Termination Date:	___ July 2009
Notional Amount:	Initially USD _____, thereafter amortizing as per the Amortization Schedule below
Seller of the Cap:	UBS
Buyer of the Cap:	Counterparty
Calculation Agent:	UBS
Business Days:	New York

**Fixed Amounts:**

Fixed Rate Payer:	Counterparty
Fixed Amount:	USD <b>TBD</b>
Fixed Rate Payer Payment Date:	Effective Date
Business Day Convention:	Modified Following

**Floating Amounts:**

Floating Rate Payer:	UBS
Cap Rate:	<b>TBD</b> percent per annum
Floating Rate Option:	USD-BMA Municipal Swap Index
Spread:	None
Floating Rate Day Count Fraction:	Actual/Actual
Reset Dates:	Weekly on each Wednesday for value Thursday
Method of Averaging:	Weighted Average

Floating Rate Payer

Payment Dates: [01 January, 01 April, 01 July, 01 October in each year, from and including 01 October 2006, up to and including the Termination Date, subject to adjustment in accordance with the Business Day Convention specified below and there will be No Adjustment to the Calculation Periods.]

Business Day Convention: Modified Following

**Amortization Schedule**

<b><u>From and including:</u></b>	<b><u>To but excluding:</u></b>	<b><i>Notional Amount</i></b> <b><u>(USD)</u></b>
<b><i>Effective Date</i></b>	01-Jul-08	_____
01-Jul-08	01-Jul-09	_____
01-Jul-09	01-Jul-10	_____

**ADDITIONAL PROVISIONS OF THE AGREEMENT:**

(a) "Payments on Early Termination". For the purpose of Section 6(e) of the ISDA Form:

- (i) Loss will apply.
- (ii) The Second Method will apply.

(b) For the purpose of Sections 3(d) and 4(a) of the ISDA Form, each party agrees to deliver the following documents:

<b>Party required to deliver document</b>	<b>Form/Document/Certificate</b>	<b>Date by which to be delivered</b>	<b>Covered by Section 3(d) Representation</b>
UBS and Counterparty	Evidence of the authority and true signatures of each official or representative signing this Confirmation, on its behalf.	On or before execution of this Confirmation.	Yes
UBS	Opinion of Counsel to UBS in a form reasonably satisfactory to Counterparty.	On or before the Effective Date of this Transaction	No

Counterparty	Certified copy of the resolution of Counterparty's Board of County Commissioners authorizing the execution and delivery of this Confirmation and performance of its obligation hereunder.	On or before execution of this Confirmation.	Yes
Counterparty	Opinions of legal counsel to Counterparty substantially in the form attached hereto as Exhibit 1.	On or before execution of this Confirmation.	No

(c) **Offices.** UBS represents to Counterparty that, notwithstanding the place of booking office or jurisdiction of incorporation or organization, the obligations of UBS are the same as if it had entered into this Transaction through its head or home office.

(d) ***Additional Representations.***

(i) The first sentence of Section 3 of the ISDA Form is amended to read in its entirety as follows:

“Each party represents to each other party (which representations will be deemed to be repeated on each date on which a Transaction is entered into and, in the case of the representations in Section 3(a) and 3(e) of this Agreement, at all times until the termination of this Agreement) the following:”

(ii) Section 3 of the ISDA Form is amended by adding the following subsections (e), (f) and (g) thereto:

“(e) Non-Speculation. Counterparty represents and warrants to UBS that this Agreement has been, and each Transaction hereunder will be, entered into for purposes of managing of its borrowings or investments or in connection with a line of business and not for the purpose of speculation;

(f) No Immunity. Counterparty represents that Florida law does not provide for immunity, on the grounds of sovereignty or other similar grounds, against suits, actions or proceedings brought against it to enforce its obligations under this Agreement. UBS acknowledges that the foregoing is subject to the provisions of Section 768.28, Florida Statutes with regard to tortious claims only; and

(g) Eligible Contract Participant. Such party is an “eligible contract participant” as the term is defined in Section 1a(12) of the Commodity Exchange Act, as amended”

(e) ***Security and Sources of Payment.*** Any payment due from Counterparty in connection with this Transaction shall be a general unsecured obligation of Counterparty, payable from any lawfully available funds of Counterparty, including, but not limited to, proceeds from the [Bonds] to be issued by \_\_\_\_\_ for the benefit of Counterparty.

(f) ***Automatic Termination Provisions.***

Automatic Early Termination shall not apply with respect to either party.

(g) **Governing Law.** This Agreement, each Transaction and each Confirmation shall be governed by, construed and enforced in accordance with the laws of the State of New York, without reference to choice of laws doctrine, except that the capacity, power and authority of Counterparty to enter into this Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

(h) **Waiver of Jury Trial.** EACH PARTY HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY TRANSACTION AND ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO THE OTHER PARTY'S ENTERING INTO THIS AGREEMENT.

(i) **Jurisdiction.** With respect to any suit, action or proceedings relating to this Agreement ('Proceedings'), each party irrevocably:

(i) submits, to the fullest extent permitted by applicable law, to the nonexclusive jurisdiction of each of the courts of the State of New York, the United States District Court located in the Borough of Manhattan in New York City, the courts of the state in which the principal executive offices of Counterparty or UBS's are located and the United States District Court with jurisdiction over the location of the principal executive offices of Counterparty or UBS; and

(ii) waives, to the fullest extent permitted by applicable law, (1) any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, (2) any claim that such Proceedings have been brought in an inconvenient forum and (3) the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over such party.

Nothing in this Agreement precludes either party from bringing Proceedings in any other jurisdiction nor will the bringing of Proceedings in any one or more jurisdictions preclude the bringing of Proceedings in any other jurisdiction

(j) **"Affiliate"** will have the meaning specified in Section 12 of this Agreement; provided, however, Counterparty shall not be deemed to have any affiliates for purposes of this Agreement.

(k) **Cross Default.**

Section 5(a)(vi) of the ISDA Form is amended by the addition of the following at the end thereof: "provided, however, that notwithstanding the foregoing, an Event of Default shall not occur under either (1) or (2) above if, as demonstrated to the reasonable satisfaction of the other party: (a) the event or condition referred to in (1) or the failure to pay referred to in (2) is a failure to pay caused by an error or omission of an administrative or operational nature; and (b) funds were available to such party to enable it to make the relevant payment when due; and (c) such relevant payment is made within three Local Business Days following receipt of written notice from an interested party of such failure to pay."

For purposes of the Cross Default provision, "Threshold Amount" shall mean with respect to UBS, 2% of shareholders' equity (howsoever described) as shown on the most recent annual audited financial statements of UBS.

(l) ***Setoff:***

Without affecting the provisions of the ISDA Form requiring the calculation of certain net payment amounts, all payments under this Agreement will be made without set-off or counterclaim; provided, however, that upon the designation of any Early Termination Date, in addition to and not in limitation of any other right or remedy (including any right to set off, counterclaim, or otherwise withhold payment or any recourse to any Credit Support Document) under applicable law the Non-defaulting Party or Non-affected Party (in either case, "X") may without prior notice to any person set off any sum or obligation (whether or not arising under this Agreement and whether matured or unmatured, whether or not contingent and irrespective of the currency, place of payment or booking office of the sum or obligation) owed by the Defaulting Party or Affected Party (in either case, "Y") to X or any Affiliate of X against any sum or obligation (whether or not arising under this Agreement, whether matured or unmatured, whether or not contingent and irrespective of the currency, place of payment or booking office of the sum or obligation) owed by X or any Affiliate of X to Y and, for this purpose, may convert one currency into another at a market rate determined by X. If any sum or obligation is unascertained, X may in good faith estimate that sum or obligation and set-off in respect of that estimate, subject to X or Y, as the case may be, accounting to the other party when such sum or obligation is ascertained.

(m) The "***Credit Event Upon Merger***" provisions in Section 5(b)(ii) will apply to UBS and will apply to Counterparty.

(n) ***UBS Downgrade.*** If the long-term senior unsecured debt rating of UBS from S&P is withdrawn, suspended or falls to or below "BBB," or from Moody's is withdrawn, suspended or falls to or below "Baa2," then it shall constitute a Termination Event with respect to UBS, with UBS as the Affected Party.

(o) ***Consent to Recording.*** Each Party (i) consents to the recording of all telephone conversations between trading, operations and marketing personnel of the parties and their Affiliates in connection with this Agreement or any potential Transaction; (ii) agrees to give notice to such personnel of it and its Affiliates that their calls will be recorded; and (iii) agrees that in any Proceedings, it will not object to the introduction of such recordings in evidence on grounds that consent was not properly given.

(p) ***Relationship Between Parties.***

Each party will be deemed to represent to the other party on the date on which it enters into this Transaction that (in the absence of a written Agreement between the parties which expressly imposes affirmative obligations to the contrary for this Transaction):

(i) **Non-Reliance.** Each party is acting for its own account, and has made its own independent decisions to enter into this Transaction and this such Transaction is appropriate or proper for it based upon its own judgement and upon advice from such advisers as it has deemed necessary. Each party is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into this Transaction; it being understood that information and explanation relating to the terms and conditions of this Transaction shall not be considered investment advice or a recommendation to enter into this Transaction. No communication (written or oral) received from the other party shall be deemed to be an assurance or guarantee as to the expected results of this Transaction.

(ii) **Assessment and Understanding.** Each party is capable of assessing the merits of and understands (on its own behalf or through independent professional advice),

and accepts, the terms, conditions and risks of this Transaction. Each party is also capable of assuming and assumes, the risks of this Transaction.

(iii) Status of the Parties. Neither party is acting as a fiduciary for or as an adviser to the other in respect of this Transaction.

References in this clause to “a party” shall, in the case of UBS AG and where the context so allows, include references to any affiliate of UBS AG.

**Account Details for UBS**

UBS Stamford Branch:	UBS AG, Stamford
USD Bank Account:	101-WA-860050-025
ABA#:	026-007-993
Reference:	Monroe County Airport – UBS ref. <b>TBD</b>

**Account Details for Counterparty**

Bank:	<b>Please Advise</b>
ABA/Bank No.:	
Account No.:	
Reference:	

**Offices**

The office of UBS for the Swap Transaction is Stamford, CT; and  
The office of Counterparty for the Swap Transaction is Key West, Florida.

**Contact Names at UBS**

Settlements:	Hotline:	(203) 719 1110
Confirmation Queries:	Jennifer McCandless:	(212) 713 4254
ISDA Documentation:	Legal Department:	(203) 719 6249
Swift:	UBSWUS33	
Fax:	(203) 719-5771	
Address:	UBS AG	
	677 Washington Boulevard	
	Stamford, CT 06901	



Please confirm that the foregoing correctly sets forth the terms and conditions of our agreement by executing a copy of this Confirmation and returning it to us by facsimile to (203) 719-5771.

Yours faithfully  
For and on Behalf of  
UBS AG, Stamford Branch

By:

Name :  
Title:

By:

Name:  
Title:

Acknowledged and agreed by Monroe County Airport as of the Trade Date specified above.

By:

Name : Charles "Sonny" McCoy  
Title: Mayor

Exhibit 1

FORM OF LEGAL OPINION

UBS AG  
Bahnhofstrasse 45  
Zurich, CH-270.3.004.646-4  
Switzerland

Dear Sirs:

This opinion is delivered to you pursuant to the long form confirmation (the "Agreement") dated July \_\_, 2006 between UBS AG ("Party A") and Monroe County, Florida ("Party B"). Capitalized terms defined in the Agreement and used but not defined herein have the meanings given to them in the Agreement.

[I/We] have acted as counsel to Party B in connection with the Interest Rate Cap transaction entered into by Party A and Party B on the date hereof pursuant to the Agreement, the related Confirmation exchanged [on the date hereof] and [add other documents, if any] (the Agreement, such Confirmation [and such documents], collectively, the "Documents," and such transaction, the "Transaction"). In that connection we have examined such documents and have investigated such matters of fact as we have deemed necessary or appropriate for the opinions expressed herein. In such examination, [I/we] have assumed the genuineness of all signatures (other than those of officers of Party B on the Documents), the authenticity of all documents submitted to us as originals, and the conformity to authentic original documents of all documents submitted to us as copies.

[I/We] have been furnished with, and with your consent have relied upon, certificates of officer[s] of Party B with respect to certain factual matters, copies of which are attached hereto. In addition, [I/we] have obtained and relied upon such certificates and assurances from public officials as [I/we] have deemed necessary.

[I am/We are] opining herein as to the effect on the subject transactions only of the federal laws of the United States, the [internal] laws of the State of Texas , and [I/we] express no opinion with respect to the applicability thereto, or the effect thereon, of the laws of any other jurisdiction .

Based on the foregoing and upon such investigations as we have deemed necessary, we are of the opinion that, as of the date hereof:

1. Party B is a political subdivision of the State of Florida duly organized, validly existing and in good standing under the laws of the State of Florida and has full power and authority to execute and deliver the Agreement and to perform its obligations thereunder.
2. The execution, delivery and performance by Party B of the Agreement has been and remains duly authorized by all necessary action of Party B and do not:
  - (i) violate any federal or Texas law, regulation or rule or any court or administrative writ, order, judgment or decree binding on or applicable to Party B or its property.
  - (ii) to our actual knowledge without independent investigation (except with respect to the Bond Documents), result in a breach of or default under any material contract, instrument, agreement or other document to which Party B is a party or by which it or its property is bound (collectively, the "Party B Agreements").

3. The Agreement has been duly executed and delivered by Party B.

4. All consents, authorizations, registrations, declarations, filings and approvals (including, without limitation, exchange control approvals) required under federal or Florida law, regulation or rule for the execution and delivery by Party B of the Agreement, and the performance by Party B of its obligations under the Agreement have been obtained and remain in full force and effect, all conditions thereof have been duly complied with, and no other action by, and no notice to or filing with, any governmental authority or regulatory body is required for such execution, delivery, entry into or performance.

5. The Agreement is a valid and binding obligation of Party B, enforceable against Party B in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization and similar laws affecting creditors' rights generally and to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

Yours faithfully,